Consolidated Financial Statements and Report of Independent Certified Public Accountants and Schedule of Expenditures of Federal Awards and Reports in Accordance with the OMB Uniform Guidance

Saint Joseph's University and Subsidiary

May 31, 2018 and 2017

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Saint Joseph's University

Report on the financial statements

We have audited the accompanying consolidated financial statements of Saint Joseph's University and its subsidiary (the "University"), which comprise the consolidated statements of financial position as of May 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Joseph's University and its subsidiary as of May 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards for the year ended May 31, 2018, 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 purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 17, 2018, 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 effectiveness of 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.

Grant Thornton LLP

Philadelphia, Pennsylvania

October 17, 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

May 31,

	2018	2017
ASSETS		
Cash and cash equivalents	$ 71,524,467	$ 89,666,546
Accounts receivable:		
Student - net of allowance for doubtful accounts of $1,809,732 in 2018 and $1,615,632 in 2017	8,601,840	8,828,581
Other receivables - net of allowance for doubtful accounts of $-0- in 2018 and 2017	9,219,555	3,139,197
Pledges - net of allowance for doubtful accounts of $-0- in 2018 and 2017	22,580,471	7,302,987
Prepaid expenses and other assets	3,791,459	3,587,754
Investments	289,325,103	241,956,660
Student loans receivable	1,076,429	1,286,358
Property, plant and equipment - net	403,769,234	407,031,078
TOTAL ASSETS	$ 809,888,558	$ 762,799,161
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 26,451,197	$ 32,458,762
Deferred revenue	16,469,490	17,987,592
Student and other deposits	1,828,830	2,201,670
Refundable government loan funds	944,066	959,067
Leases payable	229,086	205,379
Bonds payable - net of bond issuance costs of $2,942,236 in 2018 and $3,294,296 in 2017 and premium of $2,618,775 in 2018 and $3,070,339 in 2017	222,149,929	227,786,529
Total liabilities	268,072,598	281,598,999
Net assets		
Unrestricted	386,629,129	359,531,781
Temporarily restricted	72,011,179	59,488,714
Permanently restricted	83,175,652	62,179,667
Total net assets	541,815,960	481,200,162
Total liabilities and net assets	$ 809,888,558	$ 762,799,161

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

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended May 31, 2018

	Unrestricted	Temporarily restricted	Permanently restricted	Total
OPERATING REVENUES:				
Tuition and fees	$ 257,235,775	$ -	$ -	$ 257,235,775
Scholarships	(98,533,284)	-	-	(98,533,284)
Net tuition	158,702,491	-	-	158,702,491
Auxiliary enterprises	38,331,595	-	-	38,331,595
Scholarships	(739,999)	-	-	(739,999)
Net auxiliary enterprises	37,591,596	-	-	37,591,596
Private gifts and grants	5,222,115	11,511,828	-	16,733,943
Government grants	2,448,743	-	-	2,448,743
Endowment payout under spending formula	4,139,400	4,232,975	-	8,372,375
Investment income	637,552	3,017	-	640,569
Other income	9,046,310	95,807	-	9,142,117
Net assets released from restrictions:				
Endowment payout under spending formula	4,232,975	(4,232,975)	-	-
Release of temporarily restricted funds	3,948,208	(3,948,208)	-	-
Total operating revenues	225,969,390	7,662,444	-	233,631,834
OPERATING EXPENSES:				
Instruction	78,182,025	-	-	78,182,025
Public service	759,321	-	-	759,321
Academic support	14,150,410	-	-	14,150,410
Student services	34,493,563	-	-	34,493,563
Institutional support	42,429,479	-	-	42,429,479
Research	1,817,468	-	-	1,817,468
Auxiliary enterprises	36,002,763	-	-	36,002,763
Total operating expenses	207,835,029	-	-	207,835,029
Total change in net assets from operating activities	18,134,361	7,662,444	-	25,796,805
NON-OPERATING:				
Realized and unrealized net gain on investments, net of endowment payout of $8,372,375	7,335,496	5,773,253	-	13,108,749
Capital/campaign gifts	-	20,143	20,995,985	21,016,128
Interest rate swap	1,332,813	-	-	1,332,813
Loss on retirement of assets	(638,697)	-	-	(638,697)
Net assets released from restriction for capital	933,375	(933,375)	-	-
Total change in net assets from non-operating activities	8,962,987	4,860,021	20,995,985	34,818,993
TOTAL CHANGE IN NET ASSETS	27,097,348	12,522,465	20,995,985	60,615,798
NET ASSETS - beginning of year	359,531,781	59,488,714	62,179,667	481,200,162
NET ASSETS - end of year	$ 386,629,129	$ 72,011,179	$ 83,175,652	$ 541,815,960

The accompanying notes are an integral part of this consolidated financial statement.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended May 31, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
OPERATING REVENUES:				
Tuition and fees	$ 261,600,928	$ -	$ -	$ 261,600,928
Scholarships	(97,058,427)	-	-	(97,058,427)
Net tuition	164,542,501	-	-	164,542,501
Auxiliary enterprises	40,623,890	-	-	40,623,890
Scholarships	(525,607)	-	-	(525,607)
Net auxiliary enterprises	40,098,283	-	-	40,098,283
Private gifts and grants	5,243,574	2,045,657	-	7,289,231
Government grants	2,836,478	-	-	2,836,478
Endowment payout under spending formula	4,124,150	4,121,950	-	8,246,100
Investment income	149,919	26,888	-	176,807
Other income	8,693,623	83,132	-	8,776,755
Net assets released from restrictions:				
Endowment payout under spending formula	4,121,950	(4,121,950)	-	-
Release of temporarily restricted funds	3,879,794	(3,879,794)	-	-
Total operating revenues	233,690,272	(1,724,117)	-	231,966,155
OPERATING EXPENSES:				
Instruction	79,112,684	-	-	79,112,684
Public service	862,290	-	-	862,290
Academic support	15,008,012	-	-	15,008,012
Student services	33,805,618	-	-	33,805,618
Institutional support	42,258,778	-	-	42,258,778
Research	2,074,079	-	-	2,074,079
Auxiliary enterprises	35,793,897	-	-	35,793,897
Total operating expenses	208,915,358	-	-	208,915,358
Total change in net assets from operating activities	24,774,914	(1,724,117)	-	23,050,797
NON-OPERATING:				
Realized and unrealized net gain on investments, net of endowment payout of $8,246,100	7,722,909	6,789,011	-	14,511,920
Capital/campaign gifts	-	120,369	4,120,702	4,241,071
Interest rate swap	1,535,071	-	-	1,535,071
Loss on retirement of assets	(1,262,233)	-	-	(1,262,233)
Inherent contribution related to Fortier dissolution	32,962,035	-	-	32,962,035
Net assets released from restriction for capital	171,129	(171,129)	-	-
Total change in net assets from non-operating activities	41,128,911	6,738,251	4,120,702	51,987,864
TOTAL CHANGE IN NET ASSETS	65,903,825	5,014,134	4,120,702	75,038,661
NET ASSETS - beginning of year	293,627,956	54,474,580	58,058,965	406,161,501
NET ASSETS - end of year	$ 359,531,781	$ 59,488,714	$ 62,179,667	$ 481,200,162

The accompanying notes are an integral part of this consolidated financial statement.

Saint Joseph's University and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended May 31,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 60,615,798	$ 75,038,661
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,160,960	16,750,122
Allowance for doubtful accounts	194,100	100,818
Contributions restricted for long-term investments	(21,281,193)	(4,241,071)
Net realized and unrealized gain on investments	(13,108,749)	(14,511,920)
Loss on retirement of assets	638,697	1,262,233
Inherent contribution related to Fortier dissolution	-	(32,962,035)
Interest rate swap	(1,332,813)	(1,535,071)
Change in operating assets and liabilities:		
Decrease in accounts receivable - student	32,641	1,501,796
(Increase) decrease in accounts receivable - other	(6,080,358)	1,298,939
(Increase) decrease in pledges receivable	(5,277,484)	1,863,627
Increase in prepaid expenses and other assets	(203,705)	(989,153)
(Decrease) increase in accrued expenses and other payables	(4,568,214)	2,394,437
(Decrease) increase in deferred revenue	(1,518,102)	577,657
Decrease in student and other deposits	(372,840)	(438,427)
Net cash provided by operating activities	24,898,738	46,110,613
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(297,661,099)	(33,623,036)
Proceeds from sales and maturities of investments	263,401,405	16,370,119
Purchase of property, plant and equipment	(14,720,148)	(12,950,033)
Proceeds from sale of property, plant and equipment	-	28,230
Proceeds from sales and maturities of deposits held by trustee	-	11
Student loans collected	209,929	335,981
Net cash used in investing activities	(48,769,913)	(29,838,728)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bonds	(5,537,096)	(4,834,855)
Cash paid as part of Fortier dissolution	-	(500,000)
Contributions restricted for long-term investments	11,281,193	4,241,071
Government advance for student loans	(15,001)	(627,394)
Payment of bond issuance costs	-	(142,389)
Net cash provided by (used in) financing activities	5,729,096	(1,863,567)
NET (DECREASE) INCREASE IN CASH	(18,142,079)	14,408,318
CASH AND CASH EQUIVALENTS - beginning of year	89,666,546	75,258,228
CASH AND CASH EQUIVALENTS - end of year	$ 71,524,467	$ 89,666,546
NONCASH INVESTING AND FINANCING ACTIVITIES		
Property, plant and equipment assumed in reversion of property	$ -	$ 55,000,000
Debt assumed in reversion of property	-	(21,820,000)
Net noncash investing and financing activities	$ -	$ 33,180,000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 8,826,974	$ 8,839,703
Amounts accrued for purchase of property, plant and equipment	$ 1,092,878	$ 1,116,161

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

NOTE A - DESCRIPTION OF BUSINESS

Saint Joseph's University (the "University") is a private, comprehensive institution founded by the Society of Jesus in 1851 and located on a 114-acre campus in western Philadelphia and eastern Montgomery County, Pennsylvania. Since its first days, the University has distinguished itself with a strong liberal arts core curriculum, fostering rigorous and open-minded inquiry, maintaining high academic standards, and attending to the development of the whole person. The consolidated financial statements include the balances and activities of a controlled subsidiary (Note N).

The University has two principal academic colleges - the College of Arts and Sciences and the Erivan K. Haub School of Business. The College of Arts and Sciences offers traditionally organized four-year programs leading to the degrees of Bachelor of Arts or Bachelor of Science, graduate programs leading to Master of Arts and Master of Science degrees and an Ed.D. in Educational Leadership. In addition, the school offers more flexibly scheduled programs leading to bachelor degrees and shorter programs leading to associate degrees or certificates, as well as other opportunities for personal or career development (formerly known as The College of Professional and Liberal Studies). The Erivan K. Haub School of Business offers programs leading to degrees of Bachelor of Science, Master of Science or Master of Business Administration. The University is forming a School of Health Studies and Education that will officially open in the fall of 2019. The new school brings together and builds upon dozens of established undergraduate, graduate, doctoral and certificate programs in two rapidly changing and growing industries.

In total, the University offers over 55 undergraduate day majors and 50 minors and over 30 degree completion and certificate programs including online options. Graduate programs include over 40 areas of study, with many programs offering both campus-based and online delivery options. Special programs include study abroad, honors program, cooperative education program, summer scholars, service-learning and faith-justice studies.

The University has entered into a planned educational affiliation with the Barnes Foundation ("Barnes"). The affiliation will further the common educational mission of both institutions, allow the use of the Gallery building by the University for its fine arts program, enhance the Barnes' existing horticulture education program with University educational resources, and broaden the educational experience for Barnes and University students. The University will initiate a process to create a new minor concentration of study in horticulture, and will offer academic credit for a section of the Barnes' horticulture courses.

In July 2017, the University terminated its ground lease with Fortier II, LLC. As a result, the improvements on that land located at 5200-5330 City Avenue reverted to the University. This reversion represents an additional $55.0 million in property, plant and equipment for use as two student residence halls and associated grade level parking (Note N).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The University's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for not-for-profit organizations. Under these principles, contributions or unconditional promises to give are recognized as revenues in the period that an unconditional promise to give is received at net present value, less an allowance for uncollectible pledges. Net assets, revenues, gains, expenses and losses are classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Unrestricted net assets are not subject to donor-imposed restrictions and generally result from revenues derived from providing services, receiving unrestricted contributions, receiving dividends and interest from investing in income-producing assets, and unrestricted gains and losses less expenses incurred in providing services, raising contributions and performing administrative functions. Unrestricted net assets may be and have been designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted Net Assets - Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the University pursuant to those stipulations or by law.

Permanently Restricted Net Assets - Permanently restricted net assets generally represent the corpus of contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the University.

2. Cash and cash equivalents

The University considers all highly liquid investments with an original maturity date of 90 days or less to be cash equivalents.

3. Investments

The University invests in a variety of investment vehicles. Please see the detailed description of the relevant policies related to these investments in Note D to the consolidated financial statements.

4. Property, Plant and Equipment

Land, buildings, furniture and fixtures, equipment and library books are stated at cost, or fair value at the date of donation in the case of gifts. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets; 40 to 75 years for buildings (buildings constructed or acquired subsequent to fiscal year 1990 have estimated useful lives of 50 years), 10 to 30 years for building improvements and 5 to 15 years for furniture and equipment. The costs of repairs and minor improvements are charged to expense in the consolidated statements of activities. Upon sale or retirement, the asset cost and related accumulated depreciation is removed from the consolidated statements of financial position and the resulting gain or loss is recorded in the consolidated statements of activities.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Asset Retirement Obligation

The University determined it has legal obligations to perform certain asset retirement activities associated with constructed facilities. The total accretion expense was $191,311 and $182,951 in 2018 and 2017, respectively. The total depreciation expense was $5,047 and $4,433 in 2018 and 2017, respectively. The total asset retirement cost and obligation recognized was $321,218 and $3,528,598, respectively, for 2018 and $321,470 and $3,509,325, respectively, for 2017 and are included in property, plant and equipment and accrued expenses, respectively, in the consolidated statements of financial position.

6. Capitalized Software Costs

Software costs included in property, plant and equipment related to purchased software are capitalized and depreciated on a straight-line basis over a five-year period.

7. Bond Issuance Costs

Bond issuance costs are being amortized over the life of the related debt. Bond issuance costs and accumulated amortization were $6,251,816 and $3,309,580, respectively, for May 31, 2018 and $6,251,816 and $2,957,520, respectively, for May 31, 2017.

8. Early Retirement Benefits

The University has provided early retirement benefits to certain full-time faculty and staff members. The University accrues for the present value of all future benefit payments for individuals who have accepted the University's early retirement offer. The liability is recorded in accounts payable and accrued expenses in the consolidated statements of financial position (see Note I).

9. Deferred Revenue

Deferred revenue relates to revenues received prior to the end of the fiscal year that relate to the following fiscal year.

10. Contributions

Noncash gifts are recorded at fair value on the date of donation. Gifts of cash and other non-capital assets are reported as unrestricted revenue if the gifts were received with no donor restrictions or if the specified donor restrictions have been satisfied within the current fiscal year. Gifts are recorded as temporarily restricted operating revenue if they are received with donor stipulations that limit the use of the donated assets beyond the current fiscal year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities as net assets released from restrictions.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Fundraising Costs

Fundraising costs, which consist of conducting campaigns, special events and other activities involved with soliciting contributions for the years ended May 31, 2018 and 2017, were $6,231,394 and $5,887,611, respectively. These costs are recorded as institutional support expenses in the consolidated statements of activities.

12. Non-operating Activities

Non-operating activities include gains/losses on investments net of the endowment spending rule, contributions restricted for property, plant and equipment, the change in the estimated fair value of termination of the outstanding interest rate swap agreement, gain on sale or loss on retirement of assets, and the release from restriction of gifts that have fulfilled their purpose given by the donor.

13. Income Taxes

The University has been granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, files Federal Tax Form 990 (Return of Organization Exempt from Income Tax) annually. No provision for income taxes is required in the University's consolidated financial statements. The University files U.S. federal, state and local information returns, and no returns are currently under examination. The statute of limitations on the University's U.S. federal information returns remains open for three years following the year they are filed.

U.S. GAAP requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The University does not believe its consolidated financial statements include any uncertain tax positions.

14. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which modifies certain provisions of FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements*. The new guidance eliminates an inconsistency in how items are categorized in the fair value hierarchy by excluding investments measured in the net asset value ("NAV") practical expedient from classification within the hierarchy because it will result in differences between subtotals in the table and specific line items on the statement of activities. The guidance is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. The University adopted this update as of May 31, 2018. Prior year balances have been reclassified for presentation purposes.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The core principle of the new guidance is that an entity should recognize 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 these goods and services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017. Early application is not permitted. An entity will apply the amendments in this update using either a full retrospective application, which applies the standard to each prior period presented, or under the modified retrospective application, in which an entity recognizes the cumulative effect of initially applying the new standard as an adjustment at the date of initial application. Revenue in periods presented before that date will continue to be reported under guidance in effect before the change. The University is currently evaluating which transition approach to use and the impact that the standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. Early application is permitted. An entity is required to apply the amendments in ASU 2016-02 under the modified retrospective transition approach. This approach includes a number of optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize on the balance sheet leased assets and liabilities for operating leases at each reporting date. The University is currently assessing the impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities including: (1) the presentation for two classes of net assets at the end of the period, rather than the currently required three classes, as well as the annual change in each of the two classes; (2) the removal of the requirement to present or disclose the indirect method (reconciliation) when using the direct method for the statement of cash flows; and (3) the requirement to provide various enhanced disclosures relating to various not-for-profit specific topics. The new standard is effective for annual financial statements beginning after December 15, 2017. The University is currently assessing the impact of this guidance on its consolidated financial statements.

NOTE C - UNCONDITIONAL PROMISES AND PLEDGES

The University recognizes unconditional promises and pledges as receivables and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions.

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recorded at the estimated present value of the future cash flows, net of an allowance for doubtful accounts. Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Conditional promises are recorded when donor conditions are substantially met. The University had conditional promises of $30,000,000 at May 31, 2018 which will be recorded when donor conditions are substantially met.

Unconditional promises of gifts are included in the consolidated financial statements as pledges receivable and revenues of the appropriate net asset category. Pledges are recorded after discounting to the present value of the future cash flows at interest rates that are based on fair value rates. There was no allowance for doubtful accounts related to pledges receivable at May 31, 2018 and 2017 as the University considers any allowance on pledges receivable to be immaterial.

The following table displays the details of net pledges receivable at May 31:

	2018	2017
In one year or less	$ 13,536,582	$ 3,007,103
Between one year and five years	10,595,000	4,153,074
Beyond five years	10,000	912,000
Less present value discount	(1,561,111)	(769,190)
Pledges - net	$ 22,580,471	$ 7,302,987

The following table summarizes the change in net pledges receivable, during the year ended May 31:

	2018	2017
Balance - beginning of year	$ 7,302,987	$ 9,166,614
New pledges	18,625,049	1,608,175
Collections on pledges	(2,555,644)	(3,153,841)
Increase in discount to present value	(791,921)	(317,961)
Balance - end of year	$ 22,580,471	$ 7,302,987

NOTE D - INVESTMENTS

The cost and fair value of the University's investments as of May 31, 2018 and 2017 are as follows:

	2018		2017	
	Cost	Fair value	Cost	Fair value
Short-Term/Money Market	$ 7,548,145	$ 7,719,844	$ 9,035,581	$ 9,149,905
Equity	105,884,044	107,612,976	96,582,382	105,384,138
Fixed Income	83,940,463	81,768,229	42,176,766	42,894,003
Hedged Capital	49,804,985	54,663,591	45,968,619	55,482,899
Private Equity	7,326,816	13,813,353	5,411,954	13,005,822
Real Estate	18,948,122	21,452,920	11,184,149	14,747,862
Life Income/Annuity Funds - Equity and Fixed Income	1,594,898	2,294,190	785,958	1,292,031
Total	$ 275,047,473	$ 289,325,103	$ 211,145,409	$ 241,956,660

The University's principal financial instruments subject to credit risk are its investments. The investments are managed by professional advisors subject to the University's investment policy. The degree and concentration of credit risk varies by type of investment.

Detailed information of the fair value of assets, valued using NAV or its equivalent (e.g., ownership interest in partners' capital to which a proportionate share of net assets is attributable) at May 31, 2018 and 2017 is as follows:

2018	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)
Total Return Assets			
Private Equity	$ 13,813,353	$ 7,518,606	12 Years
Inflation Hedges			
Real Estate	21,452,920	16,216,091	12 Years
All Purpose Hedges			
Hedged Capital	54,663,591	-	90 to 365 Days
Total investments measured at NAV	$ 89,929,864	$ 23,734,697	

(Continued)

NOTE D - INVESTMENTS - Continued

	Fair value	Unfunded commitments	Redemption frequency (if currently eligible
2017			
Total Return Assets			
Private Equity	$ 13,005,822	$ 7,350,848	12 Years
Inflation Hedges			
Commodities	6,131,011	-	Daily
Real Estate	14,747,862	10,004,028	12 Years
Deflation Hedges	11,038,996	-	Monthly
All Purpose Hedges			
Hedged Capital	55,482,899	-	90 to 365 Days
Total investments measured at NAV	$ 100,406,590	$ 17,354,876	

All investments have daily redemption, without a redemption notification period, with the exception of the private realty and resources, which reflect limited partnership interests in a private investment fund through which distributions are anticipated on an unscheduled basis over a long term of 10 years or more and as reflected above as a 12-year period for redemptions. Additional descriptions of the investment categories used above include:

Private Equity - Includes limited partnership interests in four private investment funds offered by TIFF with an investment focus on venture capital, buyout opportunities and natural resources.

Commodities - Reflects investment vehicles focused on unprocessed or partially processed goods, such as grain, fruits and vegetables, or precious metals, including instruments typically traded on commodity exchanges.

Private Realty and Resources - Includes limited partnership investments focused on real estate and natural resource investments.

Fixed Income - Includes investments held in bond funds to hedge against inflation and equity market declines. This includes investments in U.S. bonds as well as non-U.S. bonds.

Cash Equivalents and Short-Term Investments - Includes TIFF Short-Term Fund assets held in cash, treasury securities, bank certificates of deposits or bankers' acceptances, and commercial paper with maturities of less than one year, or money market funds with similar holdings.

Hedged Capital - Includes investments in duration hedged debt and related swaps and collateral held by hedge fund managers to support investments in derivative securities.

(Continued)

NOTE D - INVESTMENTS - Continued

Investment return reflected in the consolidated statements of activities is comprised of the following as of May 31:

2018	Unrestricted	Temporarily restricted	Total
Dividends and interest on endowment	$ 3,107,686	$ 2,708,064	$ 5,815,750
Net realized and unrealized gain on endowment	8,263,563	7,286,134	15,549,697
Gain on endowment investments	11,371,249	9,994,198	21,365,447
Interest on other investments	637,552	3,017	640,569
Net realized and unrealized gain on other investments	103,647	12,030	115,677
Total income on endowed and other investments	12,112,448	10,009,245	22,121,693
Investment return designated for current operations:			
Interest on other investments	(637,552)	(3,017)	(640,569)
Endowment payout under spending formula	(4,139,400)	(4,232,975)	(8,372,375)
Investment gain net of amounts designated for current operations	$ 7,335,496	$ 5,773,253	$ 13,108,749

2017	Unrestricted	Temporarily restricted	Total
Dividends and interest on endowment	$ 1,168,978	$ 1,151,801	$ 2,320,779
Net realized and unrealized gain on endowment	10,554,216	9,745,825	20,300,041
Gain on endowment investments	11,723,194	10,897,626	22,620,820
Interest on other investments	149,919	26,888	176,807
Net realized and unrealized gain on other investments	123,865	13,335	137,200
Total income on endowed and other investments	11,996,978	10,937,849	22,934,827
Investment return designated for current operations:			
Interest on other investments	(149,919)	(26,888)	(176,807)
Endowment payout under spending formula	(4,124,150)	(4,121,950)	(8,246,100)
Investment gain net of amounts designated for current operations	$ 7,722,909	$ 6,789,011	$ 14,511,920

(Continued)

NOTE D - INVESTMENTS - Continued

The University's endowment funds represent $280,330,988 and $234,094,481 of the University's total investment portfolio of $289,325,103 and $241,956,660 at May 31, 2018 and 2017, respectively.

Endowment Investment and Spending Policies

The University has adopted investment and spending policies for endowment assets to provide long-term capital appreciation to supply funds for the specified purposes for which the original endowed gifts were given (e.g., scholarships, endowed chairs, operations, etc.). The time horizon for the endowment is perpetuity. The assets of the University are managed accordingly by external professional investment managers or invested in professionally managed funds, including funds of funds or managers of managers. The appointment of such managers or funds is the responsibility of the Board Finance Committee ("BFC"). Investment managers have full discretion over their investment programs, subject to appropriate constraints reflected in the University's guidelines or in the applicable investment management contracts.

The long-term objective of the University is to achieve a total return equivalent to or greater than the expected return. The expected return is the sum of the annual spending rate, the long-term inflation rate, and any growth factor which the BFC may deem appropriate. The spending rate for the years ended May 31, 2018 and 2017 was 4%. The annual spending rate is determined as a percentage of the rolling three-year average of fair values as of May 31 of each year. In 2018 and 2017, the endowment payout under the spending formula totaled $8,372,375 and $8,246,100, respectively. To the extent that current yield is inadequate to meet the spending rule, a portion of cumulative realized net gains is available for current use. The current long-term expected real return (net of inflation) is 5%. Over a full market cycle, the objective of the marketable portion of the portfolio is to exceed the return of the blended benchmark by 100 basis points (1%), net of fees. The return of the portfolio is evaluated on an annual basis against the performance of a peer group of comparably sized educational institutions.

The University's investment portfolio is managed in accordance with the expected real return objective, with a moderate level of risk and a prudent level of diversification, consistent with the target asset allocation established by the University. Investment managers act in a manner that demonstrates awareness of the University's mission as a Catholic and Jesuit institution with a strong commitment to Christian values and social justice.

Funds with Deficiencies - From time to time, due to unfavorable market fluctuations, the fair value of some assets associated with individual donor-restricted endowment funds may fall below the level that donors require to be retained as a perpetual fund, while other assets maintain or exceed the level required. U.S. GAAP requires the aggregate amount of deficiencies to be reported as a reduction to unrestricted net assets in the consolidated statements of activities. At May 31, 2018 and 2017, there were no endowment funds with deficiencies. Subsequent investment gains are used to restore the balance up to the fair value of the original gift. Subsequent gains above the original amount are recorded as temporarily restricted net assets.

(Continued)

NOTE D - INVESTMENTS - Continued

Endowment net asset composition by type of fund as of May 31, is as follows:

2018	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment funds	$ -	$ 48,437,846	$ 71,001,890	$ 119,439,736
Board-designated funds:				
Maguire Campus project	66,014,112	-	-	66,014,112
Board-designated scholarship, quasi- and other endowment funds	94,877,140	-	-	94,877,140
Subtotal board-designated funds	160,891,252	-	-	160,891,252
Total endowment funds	$ 160,891,252	$ 48,437,846	$ 71,001,890	$ 280,330,988

2017	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment funds	$ -	$ 42,676,623	$ 58,957,717	$ 101,634,340
Board-designated funds:				
Maguire Campus project	63,292,190	-	-	63,292,190
Board-designated scholarship, quasi- and other endowment funds	69,167,951	-	-	69,167,951
Subtotal board-designated funds	132,460,141	-	-	132,460,141
Total endowment funds	$ 132,460,141	$ 42,676,623	$ 58,957,717	$ 234,094,481

(Continued)

NOTE D - INVESTMENTS - Continued

Changes in endowment net assets for the year ended May 31, were as follows:

2018	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 132,460,141	$ 42,676,623	$ 58,957,717	$ 234,094,481
Interest and dividends, net of expenses	3,107,686	2,708,064	-	5,815,750
Net realized and unrealized gains	8,263,563	7,286,134	-	15,549,697
Contributions	21,199,262	-	12,044,173	33,243,435
Amounts appropriated for expenditure	(4,139,400)	(4,232,975)	-	(8,372,375)
Endowment net assets, end of year	$ 160,891,252	$ 48,437,846	$ 71,001,890	$ 280,330,988

2017	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 108,903,980	$ 36,581,661	$ 56,695,825	$ 202,181,466
Interest and dividends, net of expenses	1,168,978	1,151,801	-	2,320,779
Net realized and unrealized gains	10,554,216	9,745,825	-	20,300,041
Contributions	15,957,117	-	1,581,178	17,538,295
Net asset transfers	-	(680,714)	680,714	-
Amounts appropriated for expenditure	(4,124,150)	(4,121,950)	-	(8,246,100)
Endowment net assets, end of year	$ 132,460,141	$ 42,676,623	$ 58,957,717	$ 234,094,481

NOTE E - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

As defined in ASC 820, fair value is based on the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities to which the University has the ability to access at the measurement date. Instruments categorized as Level 1 primarily consist of a broadly traded range of equity funds.

(Continued)

NOTE E - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 are investments in the TIFF Short-Term Fund and an interest rate swap.

Level 3 Financial assets and liabilities whose values are based on prices or valuation techniques which require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the assets or liabilities. The University had no financial assets or liabilities whose values are based on Level 3 inputs as of May 31, 2018 and 2017.

Investments at Net Asset Value
In determining fair value, the University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considering counterparty credit risk in its assessment of fair value.

Money Market Funds and Equity Funds - Valued at the quoted NAV per share as determined by the funds' investment advisors based on the fair value of the underlying investments. Investments in alternative investment instruments (TIFF Equity Partners, TIFF Realty & Resources and various hedge funds) reflect updated valuations of the underlying funds as determined by the funds' investment advisors. Life income and annuity investments are stated at fair value and include assets held by the University on which investment income is paid to designated beneficiaries until death, at which time the assets may be used by the University as designated by the donor. Investments received as gifts are recorded at fair value on the date of the gift. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Certain investments have been pooled to allow the investment managers greater flexibility in managing the portfolios. Income from pooled investments is allocated to separate accounts on a percentage basis.

Student Loans Receivable - A reasonable estimate of the fair value of loan receivables from students under government loan programs and refundable federal student loans could not be made because the loans are not readily saleable. These loans are recorded at cost, less an allowance for doubtful accounts (see Note F).

Bonds Payable - The fair value of the University's bonds payable approximates $229.7 and $240.5 million at May 31, 2018 and 2017, respectively. The fair value of bonds is estimated based on quoted market prices for the same or similar issues or is estimated using discounted cash flow analyses. The University considers these valuation inputs to be Level 2 inputs in the fair value hierarchy. The market prices utilized reflect the rate that the University would have to pay to a credit-worthy third party to assume its obligation and do not reflect an additional liability to the University (see Note J).

(Continued)

NOTE E - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Financial assets and liabilities carried at fair value as of May 31, 2018 and 2017 are classified in the tables below in one of the categories described above.

2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments at Net Asset Value	Balance as of May 31, 2018
Assets				
Investments:				
Short-Term/Money Market	$ 1,054,199	$ 6,665,645	$ -	$ 7,719,844
Equity	107,612,976	-	-	107,612,976
Fixed Income	81,768,229	-	-	81,768,229
Hedged Capital	-	-	54,663,591	54,663,591
Private Equity	-	-	13,813,353	13,813,353
Real Estate	-	-	21,452,920	21,452,920
Life Income/Annuity Funds - Equity and Fixed Income	2,294,190	-	-	2,294,190
Total assets	$ 192,729,594	$ 6,665,645	$ 89,929,864	$ 289,325,103
Liabilities				
Interest rate swap	$ -	$ 1,832,577	$ -	$ 1,832,577
Total liabilities	$ -	$ 1,832,577	$ -	$ 1,832,577

(Continued)

NOTE E - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments at Net Asset Value	Balance as of May 31, 2017
Assets				
Investments:				
Short-Term/Money Market	$ 2,541,635	$ 6,608,270	$ -	$ 9,149,905
Equity	99,253,127	-	6,131,011	105,384,138
Fixed Income	31,855,007	-	11,038,996	42,894,003
Hedged Capital	-	-	55,482,899	55,482,899
Private Equity	-	-	13,005,822	13,005,822
Real Estate	-	-	14,747,862	14,747,862
Life Income/Annuity Funds - Equity and Fixed Income	1,292,031	-	-	1,292,031
Total assets	$ 134,941,800	$ 6,608,270	$ 100,406,590	$ 241,956,660
Liabilities				
Interest rate swap	$ -	$ 3,165,390	$ -	$ 3,165,390
Total liabilities	$ -	$ 3,165,390	$ -	$ 3,165,390

NOTE F - STUDENT LOANS RECEIVABLE

Student loans, which are disbursed based on financial need, consist of loans granted by the University under federal government loan programs. Upon the earlier of graduation or no longer having full-time student status, the students have a grace period, which varies by loan type, until repayment of loans is required. Student loans begin accruing interest at the expiration of the grace period. Student loans, which are uncollateralized and carry default risk, are repaid directly to the University.

The availability of funds for loans under federal government revolving loan programs is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $944,066 and $959,067 at May 31, 2018 and 2017, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

(Continued)

NOTE F - STUDENT LOANS RECEIVABLE - Continued

At May 31, 2018 and 2017, student loans consisted of Federal Government Loan Program: Perkins of $1,076,429 and $1,286,358, respectively.

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgement, could influence the ability of loan recipients to repay the amounts per the loan terms. Further, the University does not evaluate the credit quality of student loans receivable after the initial approval and calculation of the loans. Student loans are considered past due when payment has not been received in over 30 days, and accrual of interest ceases when the amount due has been outstanding for 90 days or more. When student loans receivable are deemed uncollectible, an allowance for doubtful accounts is established.

In management's judgment, there was no need to record an allowance for doubtful account for student loans receivable as of May 31, 2018 and 2017.

The University considers the age of the amounts outstanding in determining the collectability of student loans receivable. The aging of student loans receivable at May 31, 2018 is as follows:

	< 30 Days	30-59 Days	60-89 Days	> 90 Days	Total
Student loans receivable, net	$ 469,696	$ 1,842	$ 1,482	$ 603,409	$ 1,076,429

NOTE G - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment balances are as follows at May 31:

	2018	2017
Land and land improvements	$ 58,438,636	$ 58,690,839
Building and improvements	497,831,051	492,187,013
Capital lease - equipment	1,259,130	1,373,633
Furniture, fixtures, equipment, software and library books	63,004,966	61,470,740
Construction in progress	3,793,587	512,058
	624,327,370	614,234,283
Less accumulated depreciation	(220,558,136)	(207,203,205)
Property, plant and equipment, net	$ 403,769,234	$ 407,031,078

Depreciation expense for the years ended May 31, 2018 and 2017 was $17,260,464 and $16,648,759, respectively.

NOTE H - SHORT-TERM BANK BORROWINGS

The University has a line of credit with PNC Bank ("PNC") totaling $25,000,000. The line of credit is secured by the University's unrestricted revenues and has an expiration date of January 25, 2019. The line of credit bears interest at a "Prime Rate" as determined by PNC (this rate is not tied to any external rate) or at a rate of LIBOR plus sixty (60) basis points. The rate paid is based on the interest rate option selected by the University. There was no amount outstanding at May 31, 2018 or 2017.

The line of credit has a $10,000,000 sub-limit for letters of credit. The letter of credit bears interest at a "Prime Rate" as determined by PNC (this rate is not tied to any external rate) or at a rate of LIBOR plus sixty (60) basis points. The rate paid is based on the interest rate option selected by the University. There is one letter of credit outstanding for $100,000. The expiration date for this letter of credit is January 9, 2019.

NOTE I - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are as follows at May 31:

	2018	2017
Accounts payable	$ 3,387,204	$ 6,424,456
Accrued payroll	11,901,255	13,381,104
Early retirement benefits	1,513,076	2,441,466
Interest rate swap	1,832,577	3,165,390
Other accrued expenses	7,817,085	7,046,346
Total	$ 26,451,197	$ 32,458,762

NOTE J - LONG-TERM DEBT

Long-term debt outstanding is as follows at May 31:

Description	Contractual Maturity	Interest Rate %	Type	2018	2017
Revenue Bonds, Series 2016	2030	1.71	Fixed	$ 19,700,684	$ 20,880,445
Revenue Bonds, Series 2015B	2031	1.2-1.8	Variable	36,427,706	37,200,041
Revenue Bonds, Series 2015A	2036	1.3-1.9	Variable	32,700,000	33,825,000
Revenue Bonds, Series 2013B excluding unamortized premium of $628,332 in 2018 and $1,123,629 in 2017	2033	2.50-5.13	Fixed	16,850,000	18,970,000
Revenue Bonds, Series 2010A excluding unamortized premium of $1,990,443 in 2018 and $2,351,825 in 2017	2040	2.00-5.00	Fixed	116,795,000	117,135,000
Capital leases				229,086	205,379
Subtotal				222,702,476	228,215,865
Bond issuance cost, net of accumulated amortization				(2,942,236)	(3,294,296)
Premium				2,618,775	3,070,339
Total				$ 222,379,015	$ 227,991,908

The aggregate principal amounts due for each of the years endings May 31 are as follows:

2019	$ 5,786,306
2020	6,075,394
2021	6,396,294
2022	6,666,763
2023	6,929,062
Thereafter	190,848,657
	$ 222,702,476

The University has pledged and granted future unrestricted revenues to collateralize the annual principal and interest payments. In addition, the University is subject to certain restrictions with regard to maintaining net revenues plus other available funds of the University equal to 110% of the maximum annual debt service of all long-term indebtedness and demonstrating a debt service coverage ratio of 1.25 to 1.00 prior to the issuance of additional indebtedness. The University was in compliance with the loan covenants at May 31, 2018 and 2017.

(Continued)

NOTE J - LONG-TERM DEBT - Continued

Revenue Bonds, Series 2016
On July 29, 2016, the University settled on the issuance of $21.8 million of Series 2016 fixed rate bonds ("Series 2016") issued through the Pennsylvania Higher Educational Facilities Authority (the "Authority"). Proceeds of the bond issue were used to refund the Fortier II, LLC's PAID Series A and B of 2003 directly to the debt holders upon the University's termination of the ground lease with Fortier II, LLC. The Series 2016 bonds have been issued as a fixed rate direct placement note with TD Bank, N.A. This fixed 1.71% rate debt has a seven-year mandatory put option. The Series 2016 bonds were not rated at issuance, but were purchased directly under a purchase agreement with T.D. Bank, N.A.

Interest and principal payments are made on a monthly basis beginning September 1, 2016 through June 1, 2030. Annual principal payments range from $0.8 million to $2.1 million. There is an optional redemption, in whole or part, on the interest payment date without penalty.

Revenue Bonds, Series 2015B
On April 30, 2015, the University settled on the issuance of $38.5 million of Series B of 2015 variable rate bonds ("Series 2015B") issued through the Authority. Proceeds of the bond issue were used to refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2010B ("Series 2010B") and 2013A ("Series 2013A"). The Series 2015B bonds were not rated at issuance, but were purchased directly under a purchase agreement with TD Bank.

The Series 2015B bonds have been issued as a variable rate direct placement note with TD Bank. This is a floating rate debt with a seven-year mandatory put option. Interest is calculated at 67% of one month LIBOR plus 74.2 basis points. Interest payments are made on a monthly basis beginning on June 1, 2015. Principal payments on the bonds are made on an annual basis from November 1, 2015 through November 1, 2031 and range from $0.5 million to $6.2 million. There is an optional redemption, in whole or part, on the interest payment date without penalty.

On May 8, 2015, the University entered into an interest rate cap agreement with TD Bank related to the issuance of the Series 2015B bonds. Under the terms of the interest rate cap agreement, the University paid a fixed premium of $305,000 to cap the interest rate at 4% on the Series 2015B bonds effective May 8, 2015 through the termination date of September 1, 2022.

Revenue Bonds, Series 2015A
On April 30, 2015, the University settled on the issuance of $35.9 million of Series A of 2015 variable rate bonds ("Series 2015A") issued through the Authority. Proceeds of the bond issue were used to refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2008A ("Series 2008A"). The Series 2015A bonds were not rated at issuance, but were purchased directly under a purchase agreement with U.S. Bank.

The Series 2015A bonds have been issued as a variable rate direct placement note with U.S. Bank. This is a floating rate debt with a five-year mandatory put option. Interest is calculated at 67% of one month LIBOR plus 60 basis points. Interest payments are made on a monthly basis beginning on June 1, 2015. Principal payments on the bonds are made on an annual basis from July 15, 2015 through July 15, 2036 and range from $1.0 million to $2.1 million. There is an optional redemption, in whole or part, on the rate reset date without penalty.

(Continued)

NOTE J - LONG-TERM DEBT - Continued

Revenue Bonds, Series 2013B
On August 7, 2013, the University settled on the issuance of $26.3 million of Series B of 2013 fixed rate bonds ("Series 2013B") issued through the Authority. Proceeds of the bond issue were used to (a) refund the Authority's Saint Joseph's University Revenue Refunding Bonds of 2003 ("Series 2003") and a partial refunding of the Authority's Saint Joseph's University Revenue Bonds Series A of 2013 ("Series 2013A"), as well as (b) the payment of costs of issuance of the Series 2013B Bonds. In addition, remaining proceeds are being used for (c) renovations and construction costs for property acquired at 5800 City Avenue. The Series 2013B bonds have been rated A and A- by Fitch and Standard and Poor's, respectively. There were no changes to these ratings as of May 31, 2018.

Interest payments are made on a semiannual basis beginning on November 1, 2013. Principal repayment on the bonds is scheduled with annual installments from November 1, 2013 through November 1, 2025, with additional payments due on November 1, 2028 and November 1, 2033. Principal payments range from $1.9 million to $0.3 million. The bonds maturing after November 1, 2023 are also subject to optional redemption by the University.

Revenue Bonds, Series 2010A
On October 1, 2010, the University settled on the issuance of $119.5 million of Series A of 2010 fixed rate bonds ("Series 2010A") issued through the Authority. Proceeds from the bond issue were used to (a) refund the Authority's Saint Joseph's University Revenue Bonds, Series B of 2008 ("Series 2008B") and (b) the payment of the costs of issuance of the Series 2010A bonds. In addition, remaining proceeds were used for (c) the construction and equipping of a residence facility for approximately 410 students to be located on the University's campus and (d) the renovation of existing classroom facilities and financing of additional miscellaneous capital expenditures on the University's campus. The Series 2010A bonds have been rated A and A- by Fitch and Standard and Poor's, respectively. There were no changes to these ratings as of May 31, 2018.

Interest payments are made on a semiannual basis that began on May 1, 2011. Principal repayment on the bonds is scheduled with annual installments from November 1, 2011 through November 1, 2040. Principal payments range from $0.3 million to $12.9 million. The bonds are also subject to optional redemption by the University.

Interest Rate Swap Agreement
On July 7, 2009, the University entered into an interest rate swap agreement related to the 2008A bonds with Barclays Bank, PLC ("Barclays"). Under the terms of the swap agreement, the University pays a fixed rate of 4.1775% on a notional amount of $39,725,000 and receives a floating rate through the termination date of July 15, 2036, unless terminated earlier in accordance with provisions of the agreement. The floating rate used for the interest rate swap is 67% of the 30-day LIBOR, or 100% of the Municipal Swap Index if the 30-day LIBOR is less than 3%. On April 30, 2015, the interest rate swap agreement with Barclays was amended when the 2015A bonds were issued to refund the 2008A bonds. The fixed rate paid by the University was reduced to 3.9575%.

The estimated value of terminating the outstanding swap as of May 31, 2018 and 2017 was a cost to the University of $1,832,577 and $3,165,390, respectively. The non-operating section of the consolidated statements of activities includes the change in the estimated value of terminating the swap outstanding as of May 31, 2018 and 2017.

The interest rate swap agreement noted above is used by the University to manage the interest cost and risk associated with its variable rate long-term debt, with the resulting effect of converting this debt to synthetic fixed rate debt. The fixed payments due under the swap agreements were higher than the underlying variable payments during the years ended May 31, 2018 and 2017 as noted above. There were no other interest rate swap agreements entered into by the University during fiscal years 2018 or 2017.

NOTE K - NET ASSETS

The composition of net assets is as follows for the years ended May 31:

	2018	2017
Unrestricted net assets	$ 386,629,129	$ 359,531,781
Temporarily restricted net assets		
Contributions and endowment income for instruction, research and support	62,631,684	49,851,878
Contributions and endowment income for property, plant and equipment	9,379,495	9,636,836
	72,011,179	59,488,714
Permanently restricted net assets	83,175,652	62,179,667
Total net assets	$ 541,815,960	$ 481,200,162

NOTE L - RETIREMENT PLAN

The University has a contributory post-retirement benefit plan for all full-time employees under which the University makes annual contributions for the benefit of the participant to either the Teachers Insurance Annuity Association of America - College Retirement Equities Fund ("TIAA-CREF"), The Vanguard Group, or Lincoln Investment Planners, at the option of the participants. The University contributed 7% in 2018 and 2017 of an eligible employee's salary irrespective of the employee's contribution and matched the employee's contributions up to an additional 3% of their salary. Total retirement plan expense was $6,642,337 and $6,324,926 in 2018 and 2017, respectively.

NOTE M - COMMITMENTS AND CONTINGENCIES

The University leases certain facilities, transportation vehicles, machinery, and equipment under non-cancelable operating leases which expire at various dates. Rent expense under such arrangements was $3,945,048 and $3,860,419 in 2018 and 2017, respectively. Future minimum rental payments under existing operating leases are as follows:

2019	$ 2,466,416
2020	471,981
2021	95,455
	$ 3,033,852

NOTE M - COMMITMENTS AND CONTINGENCIES - Continued

Various lawsuits, claims and other contingencies arise in the ordinary course of the University's educational activities. While the ultimate disposition of the aforementioned contingencies is not determinable at this time, management believes that any liability resulting therefrom will not materially affect the financial position of the University as of May 31, 2018.

NOTE N - RELATED PARTY TRANSACTIONS

Fortier II, LLC

In March 2003, Fortier Corporation ("Fortier") formed Fortier II, LLC ("Fortier II"), a nonprofit entity, for the exclusive purpose of developing, owning and operating two residence halls (Lannon Hall and Rashford Hall). The residence halls are located at 5200-5230 (Rashford Hall) and 5300-5330 (Lannon Hall) City Avenue in Philadelphia, Pennsylvania. In August 2003, Fortier II leased the land at these locations from the University. The initial term of the ground lease, which is dated March 11, 2003, shall expire in 30 years, and shall renew for two successive terms of 13 years and 56 years, respectively. Minimum annual rents under the ground lease are $65,000 for each of the next five years. Fortier was originally created in 1999 to (a) support the University; (b) hold property for the benefit of Fortier's and the University's charitable and educational purposes; and (c) to receive, manage, hold and invest charitable contributions of property for the benefit of Fortier and the University, including real property.

On July 29, 2016, the University terminated the ground lease with Fortier II, and, as a result of that termination, the ownership of certain improvements on the land that was the subject of the ground lease, consisting of two student residence halls and associated grade level parking, reverted to the University. In connection with the termination of the ground lease, the University incurred indebtedness through the issuance by the Pennsylvania Higher Educational Facilities Authority of its University Revenue Bonds, Series 2016 in the amount of $21,820,000. The proceeds of the bonds, together with other funds from Fortier II, were used to refund indebtedness of Fortier II that was used to refinance the initial costs of the improvements.

Fortier II was dissolved on May 31, 2017.

Delaware Valley Educational Telecommunications Network

In 1986, the University entered into an agreement with a 501(c)(3) tax-exempt organization, The Source for Learning, Inc., to form a Pennsylvania nonprofit corporation, Delaware Valley Educational Telecommunications Network ("DVETN"). In 2009, DVETN submitted an application to the Internal Revenue Service ("IRS") to have its tax-exempt status as a 501(c)(4) organization recognized by the IRS retroactive to the date of its formation in 1986. DVETN was granted tax-exempt status as a 501(c)(4) organization.

(Continued)

NOTE N - RELATED PARTY TRANSACTIONS - Continued

DVETN has received approval from the Federal Communications Commission ("FCC") for two educational broadband service channels. DVETN has entered into an agreement to lease the excess capacity of these channels to Clearwire Spectrum Holdings II, LLC (acquired by Sprint in November 2013). The agreement, which commenced in January 2008, is for a term of 30 years. Revenue under this agreement is being recognized on a pro rata basis over the lease term, with 75% being provided to the University and the remaining 25% being provided to The Source for Learning, Inc.

DVETN is governed by a three-person board, two members from the University and one member from The Source for Learning, Inc. The University has a controlling interest in DVETN and has included DVETN's balances and activities in the consolidated financial statements. All intercompany balances have been eliminated in consolidation. As of May 31, 2018 and 2017, respectively, $230,938 and $50,722 in cash and cash equivalents, $180,537 and $139,862 in advance to non-controlling affiliate (included in prepaid expenses), $57,572 and $50,722 in accounts payable and accrued expenses, and $250,740 and $139,862 in deferred revenue are included in the University's consolidated financial statements.

DVETN's revenues and expenses are reflected in other income and institutional support, respectively, in the University's consolidated statements of activities. As DVETN did not have any net assets attributable to the noncontrolling affiliate at May 31, 2018 and 2017, the noncontrolling interest did not have any impact on the University's net assets. Amounts attributable to the controlling and noncontrolling interest for the years ended May 31, 2018 and 2017 are as follows:

2018	Total	Controlling Interest	Noncontrolling Interest
Net assets, beginning balance	$ -	$ -	$ -
Revenues	1,650,612	1,237,959	412,653
Expenses	(1,650,612)	(1,237,959)	(412,653)
Net assets, ending balance	$ -	$ -	$ -

2017	Total	Controlling Interest	Noncontrolling Interest
Net assets, beginning balance	$ -	$ -	$ -
Revenues	1,650,612	1,237,959	412,653
Expenses	(1,650,612)	(1,237,959)	(412,653)
Net assets, ending balance	$ -	$ -	$ -

(Continued)

NOTE N - RELATED PARTY TRANSACTIONS - Continued

Food Marketing Educational Foundation

In 1962, the University established the Academy of Food Marketing (the "Academy"), to assist the University in fundraising and providing other services for the University's Department of Food Marketing. In order to better define the efforts of the Academy and to enable industry representatives on the Board of the Academy to function more independently of the University, the Food Marketing Educational Foundation (the "Foundation") was incorporated as a Pennsylvania nonprofit corporation on October 29, 1993. The Foundation was organized to function as an independent fundraising arm in support of food marketing education and related activities of the Food Marketing Education Program (the "Program") of the Haub School of Business ("HSB") at the University and to ensure that funds raised for the Program by the Foundation are used exclusively for the purposes of the Program. The Foundation raises funds through dinner events for members of the food and allied industries.

The Foundation has entered into a Memorandum of Understanding ("MOU") with the University providing for, among other things, the Foundation's use of certain University facilities and services, and the Foundation's financial support of the Academy of Food Marketing, a unit of the University. The current MOU is effective June 1, 2012. Members of the Foundation's Board of Governors are also members of the Board of Governors of the Academy.

The University bills the Foundation at the completion of the University's fiscal year for the net amount due to the University from the Foundation for expenses related to the Academy. Included in other receivables as of May 31, 2018 and 2017 are $534,250 and $426,399, respectively, for this payment. There is no allowance recorded as of May 31, 2018 and 2017.

All endowment funds raised by the Academy between its inception and the formation of the Foundation are held and managed by the University. The net amount billed to the Foundation reflects the endowment release from these investments as revenue. As of May 31, 2018 and 2017, the endowment held by the University on behalf of the Academy was $10.8 million and $10.3 million, respectively.

NOTE O - SUBSEQUENT EVENTS

The University has evaluated subsequent events through October 17, 2018, and has determined that there are no subsequent events requiring adjustment or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

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Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

To the Board of Trustees of
Saint Joseph's University

We have audited, 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, the consolidated financial statements of Saint Joseph's University and its subsidiary (the "University"), which comprise the consolidated statement of financial position as of May 31, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 17, 2018.

Internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 University's consolidated 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 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 the University's 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 consolidated financial statements are free from 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 consolidated 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*.

Intended purpose

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 University'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 University's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania

October 17, 2018

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Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the OMB Uniform Guidance

To the Board of Trustees of
Saint Joseph's University

Report on compliance for each major federal program

We have audited the compliance of Saint Joseph's University and its subsidiary (the "University") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended May 31, 2018. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the University's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program 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 (CFR) 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 that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on each major federal program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2018.

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 compliance requirements that could have a direct and material effect on the major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

As described in our report on compliance for the major federal program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the University's 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.

Grant Thornton LLP

Philadelphia, Pennsylvania

October 17, 2018

Saint Joseph's University and Subsidiary

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended May 31, 2018

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through grantor's number	Pass-through to subrecipients	Expenditures
RESEARCH AND DEVELOPMENT				
DEPARTMENT OF COMMERCE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY:				
A Theoretical and Reasoning Framework for the Integrated Modeling of Trustworthiness in Cyber-Physical Systems	11.609	21914-222030	$ -	$ 44,759
Total National Endowment for the Humanities			-	44,759
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Via National Institutes of Health				
Dissecting the CAMP-mediated Circuitry of Stress Induced Sleep in Caenorhabditis Elegans	93.859	21212-214010	-	98,351
Total Department of Health and Human Services			-	98,351
NATIONAL SCIENCE FOUNDATION:				
SJU Noyce Teachers: Investigating the Relationship Between Social Interaction, Teacher Identity, and Commitment to Teaching in High-Need Urban Schools	47.076	21026-214020	-	25,726
Quadrilateral Surface Meshes with Provable Quality Guarantees	47.070	21027-214023	-	23,095
The Study of Molecular Motion in Simple Glass Forming Liquids	47.049	21023-214015	-	537
Vibrational Properties of Dense Colloidal Suspensions with Short-Range	47.049	21024-214025	-	2,058
Advancing Theory and Application in Perceptual and Adaptive Learning to Improve Community College Mathematics	47.076	21029-213080	-	28,540
Interactions Between Stress and Attention Circuits: Investigating Corticotropin Releasing Modulation of the Basal Forebrain	47.074	21030-213080	-	6,277
Total National Science Foundation			-	86,233
TOTAL RESEARCH AND DEVELOPMENT			-	229,343

See accompanying notes to Schedule of Expenditures of Federal Awards.

(Continued)

Saint Joseph's University and Subsidiary

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended May 31, 2018

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through grantor's number	Pass-through to subrecipients	Expenditures
STUDENT FINANCIAL AID				
DEPARTMENT OF EDUCATION:				
Direct Programs				
Federal Perkins Loan Program	84.038			
Loans outstanding beginning of year			$ -	$ 1,286,358
Repayments during the year			-	(209,929)
Administrative cost allowance			-	-
Direct Loans - Stafford	84.268		-	55,400,346
Federal Work Study Program	84.033		-	614,033
Supplemental Educational Opportunity Grant Program	84.007		-	505,380
Pell Grant Program	84.063		-	2,580,812
Total Department of Education			-	60,177,000
TOTAL STUDENT FINANCIAL AID			-	60,177,000
OTHER PROGRAMS				
DEPARTMENT OF EDUCATION:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	21915-214010	-	16,919
Total Department of Education			-	16,919
DEPARTMENT OF JUSTICE OFFICE ON VIOLENCE AGAINST WOMEN:				
Grant to Reduce Sexual Assault, Domestic Violence, Dating Violence and Stalking on Campus Programs	16.525	21916-311100	-	24,154
Total Department of Justice			-	24,154
SMALL BUSINESS ADMINISTRATION:				
Service-Disabled Veteran Entrepreneurship Training Program	59.044	21913-221052	-	3,130
SDVETP 2017 Expanding Our Ability to Reach Those Who Have Served	59.044	21917-221052	-	15,664
Total Small Business Administration			-	18,794
TOTAL OTHER PROGRAMS			-	59,867
Total Federal Expenditures			$ -	$ 60,466,210

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The purpose of the Schedule of Expenditures of Federal Awards (the "Schedule") is to present details of the activities of Saint Joseph's University and its subsidiary (the "University") which have been financed by the U.S. government for the year ended May 31, 2018.

Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the University.

For the purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and the agencies or departments of the federal government and all sub-awards to the University by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

Federally-guaranteed loans issued to students of the University directly by the University are also included in the Schedule.

The Schedule is prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

The procurement compliance requirement of the Uniform Guidance has been deferred by two full fiscal years after the effective date of the Uniform Guidance. The University has chosen to use the grace period allowed under this deferral and is currently evaluating the changes to its policies, procedures and systems necessary to comply with the new requirements when effective.

NOTE B - FEDERAL STUDENT LOAN PROGRAM

The federal student loan program listed subsequently is administered directly by the University, and balances and transactions relating to this program are included in the University's consolidated financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. The outstanding balance and disbursements as of and for the year ended May 31, 2018 are as follows:

	CFDA Number	Loans receivable as of May 31, 2018	Loans made during the year ended May 31, 2018
Federal Perkins Loan Program	84.038	$ 1,076,429	$ -

Saint Joseph's University and Subsidiary

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended May 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:	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 program:				
• Material weakness(es) identified?	_____	yes	X	no
• Significant deficiency(ies) identified?	_____	yes	X	none reported
Type of auditor's report issued on compliance for major program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____	yes	X	no

Identification of major program:

CFDA Numbers	*Name of Federal Program or Cluster*
Various	Student Financial Aid

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	yes	_____	no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended May 31, 2018

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Year ended May 31, 2018

No matters to report.