



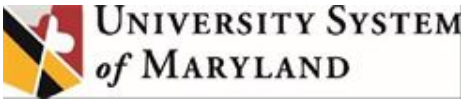
**BOARD OF REGENTS - AUDIT COMMITTEE
OPEN SESSION MEETING AGENDA**

January 13, 2023

1. [Information & Discussion – USM FYE 6/30/2022 Audited Financial Statements](#) Ms. Denson
Ms. Herbst
Mr. Acton
 - [Key Points Associated with FY 2022 Financial Statements](#)
 - [Annual Financial Statement Report - Draft](#)
 - [Financial Snapshot](#)
 - [Financial Dashboards](#)
 - [Draft Financial Statement for the Year’s Ended June 30, 2022 and 2021](#)

 2. [Information and Discussion – FYE 6/30/2022 Independent Audit of USM’s Financial Statements](#) Ms. Bowman
 - [Independent Auditor’s Presentation to the Board](#)
 - [Independent Auditor’s Communication to USM Governance](#)
 - [Report of Independent Public Accountants](#)

 3. [Action, Information & Discussion - Proposed Modifications to BOR Policy on Affiliated Foundations and Business Entities](#) Ms. Skolnik
Ms. Herbst
 - [Action – IX - 2.00 - POLICY ON AFFILIATED PHILANTHROPIC SUPPORT FOUNDATIONS](#)
 - [Information & Discussion - VIII-13.00 - USM POLICY ON BUSINESS ENTITIES](#)
-



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Information – USM Financial Statements and materials for the year ended June 30, 2022

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: January 13, 2023

SUMMARY:

This item includes the following:

University System of Maryland Draft Annual Financial Statement Report for the year ended June 30, 2022 (Attachment A): The financial statements include financial information about financial position and results of operations for the USM, as well as what are known as ‘component units’, a subset of the System’s affiliated foundations. Financial statements for each USM institution are included as supplementary information.

University System of Maryland Draft Financial Statements for the years ended June 30, 2022 and 2021 (Attachment B): This year’s draft financial statement report is for a single year only, due to the implementation of GASB 87, Leases. Included for reference is the draft Systemwide financial statements for the years ended June 30, 2022 and 2021.

Financial Snapshot (Attachment C): The analysis titled ‘Financial Snapshot’ summarizes the System’s key financial health ratio used by rating agencies, Available Resources to Debt Outstanding, using the figures reflected in the financial statements, to provide a comparison between June 30, 2022 and 2021. The second part of the Financial Snapshot adjusts the publicly reported balances to take into consideration Board-approved claims and authorizations not yet expended or reflected in the financial statements to arrive at a ‘true’ financial health ratio for internal management and decision-making purposes. The adjusted ratio is used for managerial decision making in the BOR Policy VIII-12.00 Policy on Debt Management.

Financial Dashboards (Attachment D): A set of indicators and ratios that visually summarize financial health or performance against a set of benchmarks, as well as indicators of improvement or not from the previous year. Included on page 6-7 is a Financial Dashboards Overview and Description that provides a brief explanation of each indicator

A set of key points covering each of these reports is included.

FISCAL IMPACT: Information item

CHANCELLOR’S RECOMMENDATION: Information item

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca



Key points associated with FY 2022 financial statements and materials:

1. Draft Annual Financial Statement Report (Attachment A)

The USM Draft Annual Financial Statement Report as of June 30, 2022 reports an increase of unrestricted net position of \$98M compared to a decline of \$24M reported of June 30, 2021.

During FY20 and FY21, the Institutions were awarded \$574M in Higher Education Emergency Relief Funds to assist the institutions and students through the pandemic. Through June 30, 2022, the institutions had expended \$494M of these funds. The following institutions have unspent balances as of June 30, 2022: BSU \$35M, UMES \$25M, CSU \$8.3M, UBalt \$5.5M and UMGC \$4.3M.

The financials statements reflect the implementation of GASB 87, Leases. Included in the financials statements are \$60M in lease receivables and \$101M in lease obligations.

The financial statements for the University of Maryland Global Campus (pages 85-87) reflect both the financial activities and balances of the university, but also include the activities and balances of UMGC Ventures, which is combined with the institutions' financial information in the 'Institution' column. This presentation, referred to as 'blending', reflects the integral relationship and importance of UMGC Ventures to UMGC's operations. (The presentation of the other component units is described as a 'discrete' presentation, meaning that the financial information of the affiliated entities reported as component units are shown on separate financial displays distinct from the USM or its institutions (pages 13 and 15).

2. Financial Snapshot (Attachment C):

As shown on the 'Financial Snapshot', the financial statements report the key Balance Sheet strength ratio used by the rating agencies. Balance Sheet strength, defined as the ratio of 'available resources' (USM unrestricted net position + unfunded pension amounts + accrued leave liability + affiliated foundation unrestricted net assets) to debt outstanding, including lease obligations, is 203% at June 30, 2022 compared to 206% at June 30, 2021.

Adjusting for Board-approved commitments and authorizations to spend or borrow not yet reflected in the financial statements, FY22 resulted in a decrease in overall in 'true' financial standing, with the ratio of available resources to debt outstanding on an adjusted basis, changing from 136% in FY21 to 121% in FY22. This 'adjusted' financial strength ratio is the basis of evaluation as described in the current Board of Regents Policy on Debt Management (VIII-12.00), with the policy requiring that new authorizations and commitments be controlled in such a manner that the ratio of available resources to debt outstanding not fall below a 90% ratio.

Also, included in our analysis is a 'Proforma at June 30, 2022'. The System is tracking the impact of public-private partnerships. Bond rating agencies now take into account public-private partnerships (P3s). P3 debt is not the formal and legal obligation of USM but is considered as a component of the System's financial strength. Although the Board of Regents policy has not yet been adjusted to take P3 debt into account at this point, the 'proforma' column simply adds P3 debt that bond rating agencies consider in evaluating the System's financial strength. The ratio of available resources to debt outstanding on adjusted basis per the proforma is 107%.

This analysis includes the impact of deferred service obligations (Housing public private partnerships/P3s) of \$266M on our debt capacity. Until recently, rating agencies have considered P3s as what is considered indirect debt in evaluating our debt capacity. However, we have been informed by our financial advisors that the rating agencies are no longer making a distinction between indirect and direct debt.

3. Financial Dashboards (Attachment D):

- A set of definitions for the financial measures used as dashboard indicators is included in the attachment(p 6-7). The measures used are ratios and standards that in the past have been developed and used in nation-wide studies and reviews of public higher education institutions by consulting firms and bond rating agencies.
- The top half of the dashboard indicators reflects each institution's ratio or statistic compared with a standard for the year or at the balance sheet date. The bottom half of the dashboard indicators displays whether the institution has improved or deteriorated in terms of the measure or statistic over the past fiscal year.
- Institutions are recovering from the impact of the pandemic over the past 2 years. All institutions met the President's Fund Balance Goal except for CSU and UMES.



Financial Statements and Supplementary Information and
Data Together with Independent Auditors' Report

For the Year Ended June 30, 2022

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UNIVERSITY SYSTEM OF MARYLAND**TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022:	
Statement of Net Position, University System of Maryland	12
Combining Statement of Financial Position, Component Units	13
Statement of Revenues, Expenses and Changes in Net Position, University System of Maryland	14
Combining Statement of Activities, Component Units	15
Statement of Cash Flows, University System of Maryland	16
Notes to Financial Statements	18
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of Net Pension Liability	55
Schedule of Contributions to the Teachers Pension System and the Employees Retirement System	55
Schedule of Contributions for Other Postemployment Benefits	55
SUPPLEMENTARY DATA:	
Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for:	
University of Maryland, Baltimore	58
University of Maryland, College Park	61
Bowie State University	64
Towson University	67
University of Maryland Eastern Shore	70
Frostburg State University	73
Coppin State University	76
University of Baltimore	79
Salisbury University	82
University of Maryland Global Campus	85
University of Maryland, Baltimore County	88
University of Maryland Center for Environmental Science	91
University System of Maryland Office	94
Combining Statement of Financial Position, Nonmajor Component Units	97
Combining Statement of Activities, Nonmajor Component Units	99
Notes to Supplementary Data	101
REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	103

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UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Management of the University System of Maryland (the System) provides the readers of the System's financial statements with this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2022 and 2021.

Financial Highlights

- Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases* was implemented in fiscal year 2022.
- Unrestricted net position increased by \$98,120,870 for the year ended June 30, 2022, compared to a decrease of \$24,332,730 for the year ended June 30, 2021.
- State appropriations for the System increased by 4.6% for the year ended June 30, 2022.
- Tuition and fees, after deducting scholarship allowances, increased by \$781,420 or 0.1% for the year ended June 30, 2022. During the year ended June 30, 2021, net tuition and fees, decreased by \$44,999,611 or 3.2%.
- For the year ended June 30, 2022, investment income on Endowment assets was \$9,134,761, representing an investment return of 2%. Investment income on Endowment assets amounted to \$96,234,244, an investment return of 27%, for the year ended June 30, 2021.
- Three laws were signed into effect during the years ended June 30, 2020 and 2021, which provide financial support to individuals, governments and businesses experiencing financial hardship associated with the coronavirus pandemic:
 - On December 27, 2020, The Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA) was signed into law. The American Rescue Plan (ARP) was signed into law on March 11, 2021. Each of these laws provided funding for the Higher Education Emergency Relief Fund(HEERF).
 - These acts, along with the Coronavirus Aid, Relief, and Economic Security Act (CARES act), provide for potential funding of \$574,194,991 to System institutions to be used for pandemic related student and institutional aid that may be accessed or used through fiscal year 2022.
 - The System recognized \$269,784,264 and \$196,776,455 of nonoperating grant revenues associated with amounts awarded directly, or through the state of Maryland, of COVID relief funding for the years ended June 30, 2022 and 2021, respectively.

Overview of the Financial Statements

The System's financial statements consist of three basic financial statements and the notes that provide information on the accounting alternatives used, financial statements for discretely presented component units, and explanatory information and detail on certain financial statement elements. The three basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The *Statement of Net Position* presents information on the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, all as of the end of the reporting period. Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, and is detailed into classifications that help readers understand the constraints that the System must consider in making decisions on expending assets. Over time, changes in net position can help in understanding whether the financial condition of the System is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information on the changes in net position during the year. All changes in net position are reported as soon as the underlying event takes place, regardless of the timing of the related cash flows. Thus, revenues and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or vacation earned by employees but not used as of the date of the financial statements).

The *Statement of Cash Flows* presents information on sources and uses of cash during the year. This statement details the changes in cash and cash equivalents from the amounts reported at the end of the preceding year, to the amounts reported in the Statement of Net Position as of the end of the current year. Sources and uses are organized into operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

The System's financial statements include all accounts and balances of the System (considered the primary government, in accounting terms), as well as 11 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 11 component units, three are considered major component units due to their significance in terms of size.

The focus of this Management's Discussion and Analysis is on the System itself. Reference should be made to the separately audited financial statements of the component units for additional information.

Financial Analysis

As of June 30, 2022, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$7,213,296,179, shown on the Statement of Net Position as total net position. This compares with total net position of \$6,992,497,833 as of June 30, 2021. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2022, total net position increased by \$220,798,346. While net investment in capital assets increased by \$116,350,595, unrestricted net position increased by \$98,120,870 and restricted net position categories increased by \$6,326,881.

For the year ended June 30, 2021, total net position increased by \$111,106,349. Net investment in capital assets increased by \$149,096,521, unrestricted net position decreased by \$24,332,730 and restricted net position categories decreased by \$13,657,442.

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The table below presents summary-level information of the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2022, and 2021.

	<u>2022</u>	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current and noncurrent assets	\$ 4,063,143,207	\$ 3,651,318,406
Capital assets, net	7,326,736,884	7,089,300,818
Total assets	11,389,880,091	10,740,619,224
Deferred outflows of resources	398,484,540	395,367,185
Total assets and deferred outflows of resources	<u>\$11,788,364,631</u>	<u>\$11,135,986,409</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Debt and lease obligations	\$ 1,452,924,139	\$ 1,357,105,587
Other liabilities	1,272,253,160	1,078,593,982
Net pension liability	977,354,142	1,395,144,942
Total liabilities	3,702,531,441	3,830,844,511
Deferred inflows of resources	872,537,011	312,644,065
Total liabilities and deferred inflows of resources	<u>4,575,068,452</u>	<u>4,143,488,576</u>
NET POSITION		
Net investment in capital assets	5,696,432,526	5,580,081,931
Restricted	230,879,729	224,552,848
Unrestricted	1,285,983,924	1,187,863,054
Total net position	<u>7,213,296,179</u>	<u>6,992,497,833</u>
Total liabilities, deferred inflows of resources and net position	<u>\$11,788,364,631</u>	<u>\$11,135,986,409</u>

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The table below presents summary-level information on revenues, expenses, and other changes in the System's net position for the years ended June 30, 2022 and 2021.

	2022	2021
Operating revenues	\$ 3,867,836,723	\$ 3,454,424,004
Operating expenses	5,927,553,375	5,544,804,920
Operating loss	(2,059,716,652)	(2,090,380,916)
State appropriations	1,574,884,395	1,505,429,509
Other nonoperating revenues, net	482,111,352	482,063,372
Total nonoperating revenues	2,056,995,747	1,987,492,881
Income (loss) before other revenues	(2,720,905)	(102,888,035)
Other revenues	223,519,251	213,994,384
Increase in net position	220,798,346	111,106,349
Net position, beginning of year	6,992,497,833	6,881,391,484
Net position, end of year	<u>\$ 7,213,296,179</u>	<u>\$ 6,992,497,833</u>

The System's operating revenues arise from activities associated with its core mission: education, research, and public service.

For the years ended June 30, 2022 and 2021, operating revenues, which under the definitions used by GASB, excludes state appropriations, are detailed below:

	2022		2021	
	\$	%	\$	%
Tuition and fees, net	\$ 1,364,074,593	35.3 %	\$ 1,363,293,173	39.4 %
Contracts and grants	1,382,669,832	35.7	1,284,150,483	37.2
Sales and services of educational departments	400,319,333	10.3	362,668,277	10.5
Auxiliary enterprises, net	655,839,842	17.0	392,796,897	11.4
Other operating	64,933,123	1.7	51,515,174	1.5
Total	<u>\$ 3,867,836,723</u>	<u>100.0 %</u>	<u>\$ 3,454,424,004</u>	<u>100.0 %</u>

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

For the years ended June 30, 2022 and 2021, operating expenses are detailed below:

	2022		2021	
	\$	%	\$	%
Instruction	\$ 1,469,203,096	24.8 %	\$ 1,420,144,490	25.6 %
Research	1,117,448,187	18.9	1,050,765,878	19.0
Public service	571,068,805	9.6	575,995,384	10.4
Academic support	535,209,518	9.0	520,704,936	9.4
Student services	329,216,282	5.6	326,370,905	5.9
Institutional support	618,297,026	10.4	578,360,851	10.4
Operation and maintenance of plant	411,381,014	6.9	401,520,485	7.2
Scholarships and fellowships	225,089,117	3.8	173,157,118	3.1
Auxiliary enterprises	650,640,330	11.0	497,784,873	9.0
Total	\$ 5,927,553,375	100.0 %	\$ 5,544,804,920	100.0 %

Operating expenses are detailed by (1) employee costs, (2) payments to suppliers, contractors and other, and (3) depreciation expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses.

For the years ended June 30, 2022 and 2021, increases in total employee payments of \$132,838,588 and \$51,545,419, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2022 and 2021, the largest increases associated with employee payments were for public service and research, respectively.

Capital Asset and Debt Administration

The System continually makes investments in facilities necessary to achieve long-term objectives resulting from:

- State-wide public policy goals,
- System-wide strategic planning,
- institutional facilities master planning,
- projected enrollment growth,
- projected research space needs, and
- maintenance and renewal needs for existing facilities.

Funding sources for additions to capital facilities and equipment for the last two fiscal years ended June 30, were:

	2022	2021
State of Maryland debt proceeds	\$179,148,592	\$160,457,476
System debt proceeds	142,907,335	404,785,324
System cash balances and donations	242,640,032	69,168,908
Total	\$564,695,959	\$634,411,708

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Over the past two fiscal years ended June 30, major projects completed or placed in service are as follows:

Project	Institution	Cost
Year ended June 30, 2022		
Living and Learning Community Center for Well Being	Bowie State University	\$ 52,792,942
	University of Maryland Baltimore County	17,034,250
Year ended June 30, 2021		
Cole Field House Renovation	University of Maryland, College Park	\$210,000,000
Science Complex	Towson University	179,000,000
Brownsville Residence Hall	Frostburg State University	42,895,000
H.J. Patterson Wing 2	University of Maryland, College Park	17,313,000
Glen Dining Hall Renovation	Towson University	12,500,000

The System has issued Revenue Bonds to fund the construction, acquisition, and renewal and replacement of facilities, or refinance previously issued Revenue Bonds to realize lower current interest rates, during the years ended June 30, 2022 and 2021, as follows:

Debt issuance	Date of issue	Purpose	Total Par Value Issued	Present Value of Future Debt Service Savings
2022 Series A	2/24/2022	Financing construction and facilities renewal	\$102,895,000	
2022 Series B	2/24/2022	Refinancing (Taxable)	23,525,000	\$ 550,273
2021 Series A	2/24/2021	Refinancing, construction, and facilities renewal	237,285,000	6,935,086
2021 Refunding Series B (Taxable)	2/24/2021	Refinancing (Taxable)	108,530,000	10,238,461

The System continually pursues opportunities to reduce its overall effective cost of capital financing, and as conditions in the financial markets allow, refinances previously issued debt with new debt at lower interest costs.

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Economic Factors and Next Year's Budget and Rates

Enrollment demand, availability of funding for contracts and grants, and State of Maryland support, through both operating and capital appropriations, are the three most significant drivers of the System's resource base.

Across all student categories, enrollment is expected to continue to increase over the next ten years, with approximately 5.7% more fulltime equivalent students anticipated by the fall 2032. While preliminary fall 2022 enrollment indicates a decrease in fulltime equivalent enrollment of approximately 0.5%, the longterm projection remains a picture of continued but slower growth.

The longer term and lasting effects of the coronavirus pandemic are still not fully known.

The University of Maryland, College Park, the University of Maryland, Baltimore, and the University of Maryland, Baltimore County each have considerable numbers of faculty that pursue research grants and other sponsored funding arrangements. Indirect cost recoveries associated with contracts and grants are an important funding source for institution's administrative costs. The Federal Budget Control Act places limits on Federal government spending commonly referred to as sequestration. These limits have constrained Federal spending on research activities, will reduce indirect cost recoveries generally, and will continue, unless Congress and the President agree upon and enact legislation that relieves the constraints on governmental spending currently in place.

As a region with a significant Federal government employee population, the potential for significant reductions in Federal spending in all likelihood would have serious implications for State tax revenues, both from income as well as sales taxes. The State government closely monitors revenue receipts and revises projections on a quarterly basis. As an economic engine for the entire state and region, System officials point out the impact that proposed reductions of State funding provided to higher education would have on statewide economic activity and workforce development.

Personnel costs account for more than two-thirds of the System's noncapital spending. Healthcare costs and the adoption of a statewide funding strategy for providing for retiree's healthcare costs are expected to be significant considerations for the System's future spending levels.

Requests for Information

This financial report is intended to provide a general overview of the System's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Vice Chancellor for Administration and Finance, 3300 Metzert Road, Adelphi, MD 20783.

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**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2022**

ASSETS		
Current assets		
Cash and cash equivalents		\$ 3,043,519,564
Accounts receivable, net		349,952,225
Leases receivable, current portion, net		12,935,917
Notes receivable, current portion, net		4,351,323
Inventories		9,194,059
Prepaid expenses and other		<u>20,132,560</u>
Total current assets		<u>3,440,085,648</u>
Noncurrent assets		
Restricted cash and cash equivalents		88,154,401
Endowment investments		434,364,389
Other investments		40,831,935
Leases receivable, net		47,513,791
Notes receivable, net		12,193,043
Capital assets, net		<u>7,326,736,884</u>
Total noncurrent assets		<u>7,949,794,443</u>
Total assets		11,389,880,091
DEFERRED OUTFLOWS OF RESOURCES		<u>398,484,540</u>
Total assets and deferred outflows of resources		<u>\$ 11,788,364,631</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		\$ 410,362,411
Accrued workers' compensation, current portion		4,522,350
Accrued vacation costs, current portion		130,262,070
Revenue bonds and notes payable, current portion		96,971,293
Obligations under lease arrangements, current portion		17,732,713
Unearned revenues		<u>519,855,439</u>
Total current liabilities		<u>1,179,706,276</u>
Noncurrent liabilities		
Accrued workers' compensation		25,626,650
Accrued vacation costs		181,624,240
Revenue bonds and notes payable		1,254,836,154
Obligations under lease arrangements		83,383,979
Net pension liability		<u>977,354,142</u>
Total noncurrent liabilities		<u>2,522,825,165</u>
Total liabilities		<u>3,702,531,441</u>
DEFERRED INFLOWS OF RESOURCES		<u>872,537,011</u>
NET POSITION		
Unrestricted		1,285,983,924
Net investment in capital assets		5,696,432,526
Restricted:		
Nonexpendable		45,832,323
Expendable		<u>185,047,406</u>
Total net position		<u>7,213,296,179</u>
Total liabilities, deferred inflows of resources and net position		<u>\$ 11,788,364,631</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF FINANCIAL POSITION, COMPONENT UNITS
JUNE 30, 2022**

	Major Component Units			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
ASSETS					
Current assets					
Cash	\$ 187,000	\$ 63,512,454	\$ 3,437,628	\$ 42,598,076	\$ 109,735,158
Accounts receivable, net	10,648,000	66,889,804	18,988,888	3,716,136	100,242,828
Other assets	151,000	90,033	99,427	494,734	835,194
Total current assets	10,986,000	130,492,291	22,525,943	46,808,946	210,813,180
Investments					
Endowment investments	408,251,000	625,671,924	313,703,122	324,860,178	1,672,486,224
Other investments	601,750,000	100,684,478	86,434,364	17,105,603	805,974,445
Total investments	1,010,001,000	726,356,402	400,137,486	341,965,781	2,478,460,669
Noncurrent assets					
Accounts receivable, net	11,297,000	41,525,805	17,832,766	16,759,545	87,415,116
Capital assets, net	14,415,000	1,326,229		3,473,311	19,214,540
Other assets	472,000	6,456,665	4,025,893	2,535,214	13,489,772
Total noncurrent assets	26,184,000	49,308,699	21,858,659	22,768,070	120,119,428
Total assets	\$ 1,047,171,000	\$ 906,157,392	\$ 444,522,088	\$ 411,542,797	\$ 2,809,393,277
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 5,488,000	\$ 3,062,419	\$ 2,195,987	\$ 3,591,709	\$ 14,338,115
Long-term debt, current				1,752,486	1,752,486
Unearned revenues	1,747,000	1,353,443		5,510,366	8,610,809
Total current liabilities	7,235,000	4,415,862	2,195,987	10,854,561	24,701,410
Noncurrent liabilities					
Other payables	98,789,436	15,500,168	1,954,553	399,999	116,644,156
Due to primary government	434,240,564				434,240,564
Total noncurrent liabilities	533,030,000	15,500,168	1,954,553	399,999	550,884,720
Total liabilities	540,265,000	19,916,030	4,150,540	11,254,560	575,586,130
NET ASSETS					
Without donor restrictions	87,510,000	15,414,287	41,580,574	60,419,597	204,924,458
With donor restrictions	419,396,000	870,827,075	398,790,974	339,868,640	2,028,882,689
Total net assets	506,906,000	886,241,362	440,371,548	400,288,237	2,233,807,147
Total liabilities and net assets	\$ 1,047,171,000	\$ 906,157,392	\$ 444,522,088	\$ 411,542,797	\$ 2,809,393,277

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES		
Tuition and fees	\$ 1,763,780,683	
Less: scholarship allowances	<u>(399,706,090)</u>	\$ 1,364,074,593
Federal grants and contracts		871,536,573
State and local grants and contracts		232,407,684
Nongovernmental grants and contracts		278,725,575
Sales and services of educational departments		400,319,333
Auxiliary enterprises	681,135,474	
Less: scholarship allowances	<u>(25,295,632)</u>	655,839,842
Other operating revenues		<u>64,933,123</u>
Total operating revenues		<u>3,867,836,723</u>
OPERATING EXPENSES		
Instruction		1,469,203,096
Research		1,117,448,187
Public service		571,068,805
Academic support		535,209,518
Student services		329,216,282
Institutional support		618,297,026
Operation and maintenance of plant		411,381,014
Scholarships and fellowships		225,089,117
Auxiliary enterprises		<u>650,640,330</u>
Total operating expenses		<u>5,927,553,375</u>
Operating loss		<u>(2,059,716,652)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		1,574,884,395
Pell grants		167,701,242
Other nonoperating grants		269,784,264
Gifts		53,354,623
Investment income	26,289,922	
Less: investment expense	<u>(1,505,288)</u>	24,784,634
Interest on indebtedness		(39,248,619)
Other revenues and gains (losses), net		<u>5,735,208</u>
Total nonoperating revenues		<u>2,056,995,747</u>
Loss before other revenues		<u>(2,720,905)</u>
OTHER REVENUES		
Capital appropriations		179,148,592
Capital gifts and grants		41,469,786
Additions to endowments		<u>2,900,873</u>
Total other revenues		<u>223,519,251</u>
Increase in net position		220,798,346
Net position - beginning of year		<u>6,992,497,833</u>
Net position - end of year		<u><u>\$ 7,213,296,179</u></u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2022**

	Major Component Units			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues					
Contributions & grants	\$ 8,032,000		\$ 7,444,392	\$ 1,370,330	\$ 16,846,722
Investment income, net	(2,578,000)	\$ 2,939,800	(1,334,967)	(3,606,249)	(4,579,416)
Other income	7,227,000	663,423	77,019	2,264,896	10,232,338
Assets released from restrictions	22,151,000	68,966,330	19,351,186	20,907,071	131,375,587
Total revenues	34,832,000	72,569,553	25,537,630	20,936,048	153,875,231
Expenses					
Program	24,830,000	57,680,199	21,736,574	22,647,183	126,893,956
General & administrative	6,414,000	2,492,173	2,120,890	2,675,713	13,702,776
Fundraising	2,520,000		6,860,642	1,615,433	10,996,075
Other expense				1,223,856	1,223,856
Total expenses	33,764,000	60,172,372	30,718,106	28,162,185	152,816,663
Change in net assets without donor restrictions	1,068,000	12,397,181	(5,180,476)	(7,226,137)	1,058,568
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions & grants	42,541,000	85,486,467	26,222,114	32,656,163	186,905,744
Investment income	5,208,000	4,399,713	4,995,097	(25,303,292)	(10,700,482)
Other income (loss)		(5,583,426)		3,443,955	(2,139,471)
Assets released from restrictions	(22,151,000)	(68,966,330)	(19,351,186)	(20,907,071)	(131,375,587)
Change in net assets with donor restrictions	25,598,000	15,336,424	11,866,025	(10,110,245)	42,690,204
Total changes in net assets	26,666,000	27,733,605	6,685,549	(17,336,382)	43,748,772
Net assets - beginning of year	480,240,000	858,507,757	433,685,999	417,624,619	2,190,058,375
Net assets - end of year	\$ 506,906,000	\$ 886,241,362	\$ 440,371,548	\$ 400,288,237	\$ 2,233,807,147

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 1,361,903,591
Research contracts and grants	1,421,736,371
Payments to employees	(3,752,804,901)
Payments to suppliers and contractors	(1,626,482,464)
Loans issued to students	(900,076)
Collection of loans from students	7,562,623
Student direct lending payments	(688,566,678)
Student direct lending receipts	688,566,678
Auxiliary enterprises	647,434,068
Other receipts	627,330,126
	<u>(1,314,220,662)</u>
Net cash used by operating activities	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	1,574,884,395
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	2,900,873
Pell grants	167,701,242
Other nonoperating grants	269,784,264
	<u>2,015,270,774</u>
Net cash provided by noncapital financing activities	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of capital debt	142,907,335
Capital appropriations	179,148,592
Capital grants and gifts received	40,688,045
Proceeds from sales of capital assets	2,860,100
Purchases of capital assets	(565,259,149)
Principal paid on debt and leases	(123,775,606)
Interest paid on debt and leases	(55,202,683)
	<u>(378,633,366)</u>
Net cash used by capital and related financing activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	14,072,506
Interest on investments	17,460,243
Investment expense	(1,505,288)
Purchases of investments	(6,698,156)
	<u>23,329,305</u>
Net cash provided by investing activities	
Net increase in cash and cash equivalents	
	345,746,051
Cash and cash equivalents - beginning of year	<u>2,785,927,914</u>
Cash and cash equivalents - end of year	<u>\$ 3,131,673,965</u>
<hr/>	
SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Gifts and contributions of capital assets	\$ 20,871,668
Right-to-use assets under lease obligations	25,947,462
Changes in unrealized appreciation on investments	9,134,760
<hr/>	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (2,059,716,652)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	406,207,276
Loss on disposals of capital assets	14,267,865
Amortization of deferred service concession arrangement receipts	(19,908,776)
Gifts and other revenues, (expenses), gains, and (losses)	59,089,831
Effect of changes in assets and liabilities:	
Accounts receivable, net	(16,430,632)
Inventories	(178,954)
Prepaid expenses and other deferred charges	2,457,047
Notes receivable	6,401,307
Accounts payable and accrued liabilities	46,056,756
Unearned revenues	199,932,078
Accrued vacation	6,099,898
Accrued workers' compensation	(1,812,000)
Net pension liability and related deferred outflows and inflows of resources	43,314,294
	<u>\$ (1,314,220,662)</u>

See accompanying notes.

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UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

1. ORGANIZATION AND PURPOSE

The University System of Maryland (the System) is a component unit of the State of Maryland (the State) and is governed by its Board of Regents (the Board).

The System comprises eleven degree-granting institutions, one research entity and an administrative unit. Its degree-granting institutions provide a full range of undergraduate, graduate, professional and continuing education opportunities for students. Its research entity conducts basic and applied research, and transfers new technology to constituencies. The administrative unit includes the System Chancellor and staff who support the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the System are summarized below.

Reporting Entity

The financial statements of the System include all funds and organizations included in the legal entity encompassed by the System, and other legally separate entities for which the System is financially accountable or which otherwise meet the criteria established by the Governmental Accounting Standards Board (GASB). Amounts held in System accounts on behalf of separately organized entities are included as assets, with a corresponding liability.

The System has recognized, as affiliated foundations, ten organizations created and operated in support of the interests of the System or any of the institutions that comprise the System. Each of these affiliated foundations are considered to (1) receive or hold economic resources that are to be used for the benefit of the System or its institutions, (2) receive or hold economic resources which the System or its institutions are entitled to or otherwise have the ability to access, and (3) are significant to the financial statements of the System or the institutions with which the foundation is affiliated. As a result, each of the ten affiliated foundations meet the criteria for inclusion in the financial reporting entity, and thus each of the affiliated foundations are shown in a discrete presentation.

The University System of Maryland Foundation, Inc. (the USMF), the University of Maryland College Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are considered major component units due to the significance of the financial statement amounts to the System and its financial statements.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

The following affiliated foundations are considered nonmajor component units:

Bowie State University Foundation, Inc.
Towson University Foundation, Inc.
Frostburg State University Foundation, Inc.
Coppin State University Development Foundation, Inc.
University of Baltimore Foundation, Inc. and University Properties, Inc.
Salisbury University Foundation, Inc.
University of Maryland, Baltimore County Research Park Corporation, Inc.

During the year ended June 30, 2022, affiliated foundations distributed approximately \$101,725,109 to the System and its institutions for both restricted and unrestricted purposes.

Each of the System's affiliated foundations are nongovernmental entities that prepare financial statements using the accounting standards promulgated by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the System's financial reporting entity for these differences.

Complete financial statements of affiliated foundations may be requested from the System's Office of the Comptroller at 3300 Metzert Road, Adelphi, MD 20783.

The System has also recognized as a blended component unit a not-for-profit organization created by the University of Maryland Global Campus (UMGC). The entity, named UMGC Ventures, Inc., is organized to support UMGC and other higher education institutions through provision of support and administrative services.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

The condensed financial statements for UMGC Ventures, Inc. are as follows:

Condensed statements of financial position	
Current assets	\$ 37,698,368
Capital assets	73,309
Other assets	<u>7,136,878</u>
Total assets	<u>\$ 44,908,555</u>
Current liabilities	<u>\$ 4,116,186</u>
Invested in capital assets, net of related debt	73,309
Unrestricted net assets	<u>40,719,060</u>
Total net assets	<u>40,792,369</u>
Total liabilities & net assets	<u>\$ 44,908,555</u>
Condensed statements of activities	
Operating revenues	<u>\$ 43,255,258</u>
Operating expenses:	
Depreciation	20,852
Other expenses	<u>39,799,782</u>
Total operating expenses	<u>39,820,634</u>
Operating loss	3,434,624
Nonoperating revenues	<u>(2,978,317)</u>
Net income	456,307
Beginning net assets	<u>40,336,062</u>
Ending net assets	<u>\$ 40,792,369</u>
Condensed statements of cash flows	
Net cash (used) provided by:	
Operating activities	\$ 2,438,407
Investing activities	<u>(58,863)</u>
Beginning cash and cash equivalents	<u>21,500,873</u>
Ending cash and cash equivalents	<u>\$ 23,880,417</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Measurement Focus and Basis of Accounting

The System is a special-purpose governmental entity engaged only in business-type activities. Accordingly, the System’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. All significant transactions among departments, campuses, and auxiliary units of the System have been eliminated.

Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses are generally associated with those activities that relate directly to the core activities of instruction, research and public service that form the essence of the System’s mission. Nonoperating revenues, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenues and expenses. Accounting principles generally accepted in the United State of America define State appropriations as nonoperating revenue.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with financial institutions, as well as highly liquid investments that are both readily convertible to known amounts of cash and are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Only investments with an original maturity of three months or less satisfy the criteria for cash equivalents.

Investments

Investments are valued at fair value.

Inventories

Inventories are valued at cost, determined under the first-in, first-out method, which is not in excess of net realizable value.

Capital Assets

Property, plant, equipment, and books and materials which are part of a catalogued library, are stated principally at cost at the date of acquisition, or estimated acquisition value at the date of donation in the case of gifts. Personal property with an original cost of more than \$5,000 and outlays for real property in excess of \$250,000 are considered capital assets.

Generally, the cost of all capital assets other than land, certain inexhaustible improvements to land, and collections of works of art are assigned to expense over a set of useful lives specific to the type of asset, using a straight-line method of depreciation. The range of useful lives used for the major categories of capital assets is:

Infrastructure and land improvements	20 - 25 years
Buildings and improvements	20 - 40 years
Contents	3 - 15 years

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Depreciation expense is assigned to operating expense based on the nature and use of the capital asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Accrued Vacation Costs

Annual leave, including employer-related costs, for employees is accrued and recognized as an operating expense at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked.

Unearned Revenues

Unearned revenue primarily includes amounts received from grants and contracts that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher's Pension System (TPS) and the Employee Retirement System (ERS) and additions to/deductions from TPS and ERS' fiduciary net position have been determined on the same basis as they are reported by TPS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit plan terms and provisions. Investments are reported at fair value.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Net Position

The System's resources are required to be classified and reported in the Statement of Net Position in the following categories: (a) *Net investment in capital assets*: capital assets net of accumulated depreciation and related outstanding debt balances attributable to the acquisition, construction, or improvement of those assets; (b) *Restricted nonexpendable*: net position restricted by externally imposed stipulations, not available for expenditure; (c) *Restricted expendable*: net position subject to externally imposed restrictions that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time, and (d) *Unrestricted*: net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board. When an expense is incurred that can be paid using either restricted or unrestricted resources, the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Scholarship Allowances

The System recognizes scholarship allowances as the difference between the stated rates for tuition and fees and auxiliary services and the amount that is paid by the student and third parties on behalf of the student. Stipends and other payments made directly to students are reported as scholarship and fellowship expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

Adoption of New Accounting Standard

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The System adopted the requirements of the guidance effective July 1, 2021, and applied the provisions of this standard to the beginning of the period of adoption.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

3. CASH AND INVESTMENTS

Cash and cash equivalents

As of June 30, unrestricted cash and cash equivalents consisted of the following:

	<u>2022</u>
Cash and short-term investments on deposit with the State Treasurer	\$2,972,637,024
Demand and time deposits	<u>70,882,540</u>
Total	<u><u>\$3,043,519,564</u></u>

The System does not have a formal policy addressing custodial credit risk.

As of June 30, 2022, the carrying amount of the System's demand and time deposits was \$70,882,540 and, as compared to bank balances of \$48,445,123. The difference is primarily due to items in-transit. Of the bank balances, \$32,340,325 was covered by Federal, private or foreign national government depository insurance, or was collateralized by a pledge of United States Treasury obligations held by the System's agents in the name of the System, and \$16,104,798 was uninsured and uncollateralized.

The Annotated Code of Maryland requires the System to maintain its cash balances on deposit with the State Treasurer, except for demand and time deposit accounts established to satisfy urgent cash requirements, assets associated with endowment funds or proceeds of System financing arrangements. The State Treasurer maintains State funds on a pooled basis in accordance with the Annotated Code of Maryland.

The System has entered into agreements with trustees for the benefit and security of registered holders of certain debt obligations issued by the System. These agreements permit the System to invest amounts maintained in trust funds in:

- United States Treasury and agency obligations.
- Deposits, having a maturity of no more than 365 days, in any bank, savings institution or trust company to the extent such deposits are fully insured or collateralized.
- Commercial paper rated at least A-1 by Standard & Poor's Corporation (Standard & Poor's) and P-1 by Moody's Investors Service, Inc. (Moody's) having a maturity of no more than 270 days.
- Repurchase agreements.
- Obligations of any state or political subdivision rated by Standard & Poor's and Moody's in one of its two highest rating categories.
- Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

As of June 30, restricted cash and cash equivalents included:

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

	2022
Money market accounts – endowment fund uninvested cash	\$ 47,280
Money market accounts – unspent proceeds of debt	88,107,121
Total	<u>\$ 88,154,401</u>

Unspent proceeds and other restricted debt-related trust account balances and endowment fund uninvested cash balances are maintained in money market accounts rated AAA or equivalent by rating agencies.

Investments

In July 2005, the System transferred the proceeds of endowment investments, approximately \$197 million in fair market value at the time of the transfer, to the USMF, in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the USMF.

The System has entered into an agreement with the USMF to manage investment of the System's endowment funds. The agreement is for a term of five years, with renewable two-year extensions at the option of the System, unless notice of intent to terminate the arrangement is provided within 180 days prior to the expiration of the term. In the event of termination of the arrangement, funds invested with individual investment managers that have commitments from the USMF, to maintain investments for certain minimum time periods may not be returned to the System until those constraints have been satisfied. The per annum fee to be paid to the USMF for investment management services is 0.46% of the value of the managed funds as of December 31 of the previous fiscal year.

Investments in the USMF are accounted for as an open-ended mutual fund. Asset values, investment gains and losses, and other portfolio-wide transactions are allocated based on the number of units or shares that each fund has relative to the total number of shares or units. Assets associated with the System's endowment funds are reported as Endowment Investments on the Statement of Net Position of the System, and Investments on the Statement of Financial Position of the USMF, with a corresponding liability reflecting the fair value of the System's interest in the investment portfolio.

The System discloses investment risks as follows:

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The System has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the System's name. Endowment investments managed by the USMF are uninsured and are not registered in the name of the System, as they are a part of a commingled portfolio comprising proportionate interests of several different entities.

None of the System's restricted investments are exposed to custodial credit risk.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System is exposed to credit risk on its Endowment investments managed by the USMF.

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

The System is not exposed to any material amount of foreign currency risk.

Endowment investments

As of June 30, endowment investments consisted of the following, stated at fair value:

	2022
Corporate debt	\$ 7,200
Corporate equities	116,625
Assets invested with USMF	<u>434,240,564</u>
Total	<u><u>\$434,364,389</u></u>

As of June 30, the net position balances of the fund groups making up the Endowment were as follows:

	2022
Pure endowments	\$161,410,469
Funds functioning as endowments	267,203,735
Term endowments	<u>5,750,185</u>
Total	<u><u>\$434,364,389</u></u>

Assets associated with endowment funds are invested in accordance with the terms of donor agreements in those instances where such agreements place constraints on allowable investments.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

A spending rule has been adopted by the Board to ensure that endowment funds retain a consistent level of purchasing power over time. The spending rule provides for a target rate of spending of 4.25% of a rolling twelve-quarter average market value of the endowment fund. The spending rule is reviewed periodically by the Finance Committee of the Board.

Net appreciation on investments of the pure endowment funds totaled \$115,578,147 as of June 30, 2022, respectively. Reinvestments of net appreciation are considered to be subject to donor spending restrictions if applicable, and accordingly, are reflected as a component of restricted, expendable net assets.

The Maryland Uniform Prudent Management of Institutional Funds Act governs the use of net appreciation, both realized and unrealized, of endowment investments. This law allows a governing board to appropriate for expenditure only those amounts in excess of the historic gift amount that are prudent, taking into consideration long and short term needs of the institution in carrying out its educational, charitable, or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Other investments

Other investments include an interest in a real estate partnership formed to facilitate the long-term development of a parcel of land owned by the University of Maryland College Park, and several investments in System-related start-up companies. The carrying value of partnership interests are assessed on an annual basis by reference to the reported value of the university's interest. The investments in University System-related start-up companies are valued at fair value as assessed by a review of the most recent financial statements, or an understanding of the current state of operations.

Allocation of investment income

Investment income is assigned to the accounting funds, including endowments, in proportions associated with investments held by the various accounting funds. For the year ended June 30, 2022 income attributed to unrestricted funds and restricted funds was:

Unrestricted funds	\$ 20,450,425
Restricted funds	<u>5,839,497</u>
Total	<u><u>\$ 26,289,922</u></u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

4. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. The following three-level hierarchy classifies the inputs used to determine fair value:

Level 1: Pricing inputs are quoted prices (unadjusted) available in active markets for identical investments as of the reporting date. Investments generally included in this category are listed equities and listed mutual funds.

Level 2: Pricing inputs are quoted prices for similar investments in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices, and market corroborated data. Investments that are generally included in this category are fixed income securities.

Level 3: Pricing inputs are unobservable for the investment and must be developed using the best information available under the circumstances, which might include the System's own data. Investments that are generally included in this category are investments in private equity and investment funds as well as off-shore hedge funds.

System endowment investments are largely a proportionate interest in an investment portfolio managed by the USMF. As of June 30, 2022, the System also holds corporate debt investments of \$7,200 that are classified as level 3 investments, and corporate equity investments of \$116,625 that are classified as level 1 investments.

As of June 30, 2022, System other investments include partnership interests of \$22,685,043 that are classified as level 3 investments. As of June 30, 2022, other investments include mutual funds and short-term securities of \$18,146,892 that are classified as level 1 investments.

Major component units

The USMF invests funds on behalf of the System and several other System component units. The majority of the amounts reported as investments by the University of Maryland College Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are invested by the USMF.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

The following table shows the USMF's investments using the three-level fair value hierarchy as of June 30, 2022:

Investments by fair value level	June 30, 2022	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 85,795,000	\$ 85,795,000		
ETF's and mutual funds	251,186,000	251,186,000		
Common stock	10,224,000	10,224,000		
Separately managed accounts	466,277,000		\$ 388,383,000	\$ 77,894,000
Total investments by fair value level	813,482,000	\$ 347,205,000	\$ 388,383,000	\$ 77,894,000
Investments measured at net asset value (NAV)				
Intermediate assets	202,179,000			
Public equity	254,233,000			
Liquid credit	81,686,000			
Diversifying strategies	65,484,000			
Private risk assets	738,832,000			
Total investments measured at NAV	1,342,414,000			
Total investments	2,155,896,000			
Due to other System component units	(1,145,895,000)			
Total USMF investments reported	1,010,001,000			
Due to the System	(434,240,564)			
Total USMF investments	\$ 575,760,436			

System component unit investments managed by the USMF of \$1,145,895,000 were eliminated from the USMF financial statements as of June 30, 2022.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Investments measured at net asset value

Private investments measured at NAV consists of investments in partnership-based structures where the general partner or investment manager generally values their investments at fair value. The fair value of these investments has been estimated either by using the NAV per share of the investments or the ownership percentage of the fund's net assets as allowed as a practical expedient under fair value guidance. The private investments offer exposure to intermediate assets, public equity, liquid credit, diversifying strategies and/or private market, through the private investment structure as further discussed within the footnotes.

Due to the limited availability of valuation data as of the USMF's year-end, management utilizes the most recent NAV or ownership percentage which may be on a month to quarter lag. Management adjusts the net asset value or ownership percentage to be more representative of the year-end fair value by including capital contributions, and redemptions or returns of capital during the gap period. Management will also adjust for known performance adjustments for private investments that hold publicly traded securities. Performance adjustments ranged from (11.13)% to 0.16% for those investments on a one-month lag. No performance adjustments are made to investments on a quarter lag given the unobservability of investment performance at the time of report issuance.

USMF believes the carrying value of private investments in the statements of financial position is a reasonable estimate of its ownership interest in the private investment funds. As part of the USMF's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the security's principal markets. Management performs a retroactive review of its fair value estimates by comparing to actual year-end statements received subsequent to year-end.

As of June 30, 2022, unfunded commitments within the private investments measured at NAV equaled approximately \$427 million.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

5. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable as of June 30, were comprised of:

	<u>2022</u>
Tuition and fees	\$123,087,543
Contracts and grants	238,329,550
Other	<u>21,697,723</u>
Subtotal	383,114,816
Less: allowance for doubtful accounts receivable	<u>(33,162,591)</u>
Accounts receivable, net	<u>\$349,952,225</u>

Notes receivable as of June 30, were comprised of:

	<u>2022</u>
Student loans	\$ 22,716,186
Business development loans	<u>5,086,472</u>
Subtotal	27,802,658
Less: allowance for doubtful accounts receivable	<u>(11,258,292)</u>
Notes receivable, net	<u>\$ 16,544,366</u>

Accounts payable and accrued liabilities as of June 30, were comprised of:

	<u>2022</u>
Payroll and benefits	\$162,187,208
Suppliers and contractors	163,123,535
Accrued interest payable	11,897,595
Asset retirement obligations	13,741,954
Other	<u>59,412,119</u>
Accounts payable and accrued liabilities	<u>\$410,362,411</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Major component units

Accounts receivable include unconditional promises of contributions pledged to the affiliated foundations. Promised contributions are recorded at a discounted value that reflects the time value of money.

As of June 30, contributions receivable were due as follows:

University System of Maryland Foundation, Inc.

Due	Discount Rates	2022
Within one year	Not applicable	\$ 9,696,000
One to five years	4.25%- 4.38%	12,426,000
Subtotal		22,122,000
Less: pledge discount		(1,821,000)
Net contributions receivable		<u>\$ 20,301,000</u>

University of Maryland, College Park Foundation, Inc.

Due	Discount Rates	2022
Within one year	Not applicable	\$ 72,704,066
Two to five years	2.11% - 3.66%	46,393,854
More than five years	3.25% - 4.75%	2,605,701
Subtotal		121,703,621
Less: allowance for doubtful accounts		(11,323,606)
Less: pledge discount		(3,260,644)
Net contributions receivable		<u>\$107,119,371</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount Rates	2022
Within one year	Not applicable	\$ 19,138,795
One to five years	0.46% - 2.99%	18,727,347
More than five years	0.46% - 2.99%	4,900
Subtotal		37,871,042
Less: allowance for doubtful accounts		(346,437)
Less: pledge discount		(724,719)
Net contributions receivable		<u>\$ 36,799,886</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the year ended June 30, 2022:

	June 30, 2021	GASB 87 Implementation	Additions	Decreases	June 30, 2022
Capital assets being depreciated:					
Infrastructure & land improvements	\$ 525,546,124		\$ 38,460,060		\$ 564,006,184
Buildings & improvements	9,360,304,015		532,625,962	\$ 13,564,858	9,879,365,119
Contents	1,675,551,905		84,894,475	63,545,471	1,696,900,909
Assets acquired with notes payable	27,500,000				27,500,000
Right-to-use equipment under lease agreements		\$ 4,331,942	25,862		25,862
Right-to-use buildings under lease agreements	18,697,764	88,883,306	64,976,138	5,942,096	77,731,806
Total capital assets being depreciated	11,607,599,808	93,215,248	720,982,497	83,052,425	12,338,745,128
Less accumulated depreciation and amortization:					
Infrastructure & land improvements	322,034,481		20,351,270	1,081,476	341,304,275
Buildings & improvements	3,830,018,968		271,690,529	2,604,966	4,099,104,531
Contents	1,321,889,897		86,843,015	60,193,143	1,348,539,769
Assets acquired with notes payable	1,375,000		1,375,000		2,750,000
Right-to-use equipment under lease agreements			2,257,280	850,917	1,406,363
Right-to-use buildings under lease agreements	13,905,474		23,690,182	4,054,058	33,541,598
Total accumulated depreciation and amortization	5,489,223,820		406,207,276	68,784,560	5,826,646,536
Total capital assets being depreciated, net	6,118,375,988	93,215,248	314,775,221	14,267,865	6,512,098,592
Capital assets not being depreciated:					
Land	186,707,117		3,550,777		190,257,894
Contents	32,298,367		341,900		32,640,267
Construction in progress	751,919,346		280,035,981	440,215,196	591,740,131
Total capital assets not being depreciated	970,924,830		283,928,658	440,215,196	814,638,292
Capital assets, net	\$ 7,089,300,818	\$ 93,215,248	\$ 598,703,879	\$ 454,483,061	\$ 7,326,736,884

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UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The composition of deferred outflows of resources as of June 30, was summarized as follows:

	<u>2022</u>
Unamortized loss on refundings of debt	\$ 6,034,722
Deferred outflows related to asset retirement obligations	11,741,954
Deferred outflows related to the pension liability	<u>380,707,864</u>
Total deferred outflows of resources	<u><u>\$398,484,540</u></u>

The composition of deferred inflows of resources as of as of June 30, was summarized as follows:

	<u>2022</u>
Deferred service concession arrangement receipts	\$266,747,515
Deferred inflows related to leasing activity	58,909,984
Deferred inflows related to the pension liability	<u>546,879,512</u>
Total deferred inflows of resources	<u><u>\$872,537,011</u></u>

8. SERVICE CONCESSION ARRANGEMENTS FOR STUDENT HOUSING

The System has entered into long-term leases of university-owned land, and other agreements with a quasi-governmental entity to finance, construct, and manage student housing projects at seven of the System's institutions. These agreements satisfy the accounting criteria established to be considered service concession arrangements.

Bowie State University entered into an agreement with a quasi-governmental entity (project owner) to finance, construct and operate a student housing project on land leased to the project owner by the University. The total cost of the project was \$52,792,942. The project was completed in Fall 2021.

Under the terms of the ground leases, the System transfers rights to university-owned property for a term of 40 years to the quasi-governmental issuer of debt (the 'project owner'). The project owner contracts with a developer to build student housing on the property. The project owner also contracts with an operator that manages the facility on behalf of the project owner. Each student housing project is financed using tax-exempt debt that limits the use of the project to activities that support the institution. The operator charges and collects rent from the students, and pays the operating costs and debt service associated with the project. The residual cash flow from the project, after paying all operating costs and management fees, is paid to the university as the annual ground lease payment. The institution has the ability to approve what services the operator is required to provide and the rates that can be charged.

Upon final payment of the outstanding debt associated with the project, or upon termination of the ground lease, whichever is sooner, the project owner's rights to use the land and ownership of the project transfers to the university.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

As of June 30, the following amounts associated with service concession arrangements were reflected on the Statement of Net Position:

	<u>2022</u>
Capital assets, net – Buildings & improvements	\$263,070,444
Deferred service concession arrangement receipts	266,747,515

9. ASSET RETIREMENT OBLIGATIONS

The System owns and operates facilities and equipment subject to certain legal and regulatory requirements to perform asset retirement activities.

A nonpower training nuclear reactor operated at the University of Maryland College Park is subject to statutory and regulatory requirements promulgated by the U.S. Nuclear Regulatory Commission (the NRC) under Title 10 of the Code of Federal Regulations (the CFR). Estimated asset retirement obligations for the reactor are \$11,655,726 as of June 30, 2022. The reactor had a remaining useful life of 17 years as of June 30, 2022.

The University of Maryland College Park is periodically required by the CFR to provide various disclosures to the NRC in order to maintain the operating license for the reactor, including, but not limited to, projected operating costs, projected decommissioning costs, and funding assurances. The University of Maryland College Park was in compliance with all such requirements as of June 30, 2022 and 2021.

The System also owns and operates various equipment assets, including gamma cell irradiators and underground oil tanks, that are also subject to statutory or regulatory asset retirement obligations of individually nominal dollar values. All such assets were fully depreciated as of June 30, 2022 and 2021.

Asset retirement obligations were estimated based upon the historical decommissioning costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, using current personnel costs, and a contingency factor of 25%.

Total asset retirement obligations of \$13,741,954, as of June 30, 2022, are included in accounts payable and accrued liabilities. The System is financially prepared to fund and satisfy all asset retirement obligations when required.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

10. RESTRICTED NET POSITION

Restricted net position as of June 30, were as follows:

	<u>2022</u>
Nonexpendable	
Scholarships and fellowships	\$ 21,267,637
Research	7,636,377
Other	<u>16,928,309</u>
Total restricted nonexpendable net position	<u><u>\$ 45,832,323</u></u>
Expendable	
Scholarships and fellowships	\$ 46,686,730
Research	71,756,398
Loans	27,800,658
Capital projects	4,633,279
Other	<u>34,170,341</u>
Total restricted expendable net position	<u><u>\$185,047,406</u></u>

Major component units

Net assets with donor restrictions as of June 30, 2022, were as follows:

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.
Scholarships & fellowships	\$ 208,357,000	\$ 223,867,189	\$ 82,349,537
Research	24,690,000	29,237,834	18,935,436
Other	<u>186,349,000</u>	<u>617,722,052</u>	<u>297,506,001</u>
Total net assets with donor restrictions	<u><u>\$ 419,396,000</u></u>	<u><u>\$ 870,827,075</u></u>	<u><u>\$ 398,790,974</u></u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

11. REVENUE BONDS AND NOTES PAYABLE

The System finances the construction, renovation and acquisition of certain facilities and equipment through the issuance of debt obligations. State law limits the aggregate principal amount of debt outstanding and the present value of future minimum lease payments on capital lease obligations for real property to no more than \$1,700,000,000.

As of June 30, revenue bonds and notes payable consisted of the following:

	<u>2022</u>
Revenue Bonds, net	\$1,319,511,703
Other	32,295,744
Revenue bonds and notes payable, net	<u>\$1,351,807,447</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**Auxiliary Facility and Tuition Revenue Bonds**

As of June 30, 2022, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	Interest Rates	Maturity Dates	Principal Outstanding
2012 Refunding Series A & B	2.00% - 3.25%	2023-2024	\$ 7,915,000
2012 Series D	2.00% - 5.00%	2023-2027	33,720,000
2014 Series A	3.00% - 5.00%	2023-2028	43,350,000
2015 Series A	3.00% - 5.00%	2023-2028	35,290,000
2016 Series A	3.00% - 5.00%	2023-2036	111,070,000
2016 Refunding Series B	2.375% - 5.00%	2023-2030	41,620,000
2017 Series A	4.00% - 5.00%	2023-2037	95,915,000
2017 Refunding Series B	5.00%	2023	6,865,000
2018 Series A	3.00% - 5.00%	2023-2038	99,850,000
2019 Series A	3.00% - 5.00%	2023-2039	101,080,000
2019 Refunding Series B	5.00%	2023-2029	38,080,000
2019 Refunding Series C	3.00% - 5.00%	2023-2030	97,745,000
2021 Series A	4.00% - 5.00%	2023-2051	224,190,000
2021 Refunding Series B	0.15% - 1.79%	2023-2034	107,490,000
2022 Series A	3.00% - 5.00%	2023-2052	102,895,000
2022 Refunding Series B	5.00%	2023-2026	23,525,000
Subtotal			1,170,600,000
Unamortized discounts and premiums			148,911,703
Revenue Bonds, net			<u>\$1,319,511,703</u>

Revenue Bonds have been issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Revenue Bonds. Pursuant to the Indenture of Trust, the System has agreed to charge and collect tuition revenues and net auxiliary facility fees in an amount that is not less than 200% of the maximum future annual debt service on Revenue Bonds. For the current year, principal and interest paid and total tuition and auxiliary facility fees were \$135,135,296 and \$2,444,916,157, respectively.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Revenue Bonds issued during the year ended June 30, 2022, including the results of any refinancing of outstanding debt, were as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred gain / (loss) on refunding	Economic gain
2022 Series A	2/24/2022	\$ 102,865,000	\$ 12,672,611				
2022 Refunding Series B	2/24/2022	23,525,000	2,407,224	\$ 25,565,000	\$ 575,289	\$ 1,407,500	\$ 550,273

As of June 30, 2022, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$55,000,000.

As of June 30, 2022, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$88,107,121.

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UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Other

Other debt and notes payable includes amounts borrowed to finance facilities, equipment acquisitions, a marine research vessel and other improvements designed to enhance energy efficiency savings.

The System is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

Future principal and interest payments as of June 30, 2022, are as follows:

Year ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2023	\$ 92,665,000	\$ 47,345,459	\$ 4,306,293	\$ 559,644	\$ 144,876,396
2024	90,770,000	42,430,471	4,311,181	479,427	137,991,079
2025	83,525,000	38,180,270	1,723,145	412,450	123,840,865
2026	83,715,000	34,323,440	1,435,366	389,327	119,863,133
2027	87,475,000	30,510,745	1,446,795	365,773	119,798,313
2028 - 2032	361,470,000	101,989,905	6,798,950	1,459,881	471,718,736
2033 - 2037	213,350,000	49,579,218	7,457,326	801,504	271,188,048
2038 - 2042	77,915,000	21,970,931	4,816,688	138,610	104,841,229
2043 - 2047	38,620,000	12,171,950			50,791,950
2048 - 2052	41,095,000	4,085,000			45,180,000
Total	<u>\$1,170,600,000</u>	<u>\$ 382,587,389</u>	<u>\$ 32,295,744</u>	<u>\$ 4,606,616</u>	<u>\$1,590,089,749</u>

12. LEASES

Lessee arrangements

The System leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. Upon inception, the System recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statements. Right-to-use assets acquired through outstanding leases are shown by underlying asset class in Note 6. Many of the leases provide for an optional extension of the terms of the agreements and increases in payment amounts based on changes in indices such as the Consumer Price Index.. The leases expire at various dates through 2047.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Total future minimum lease payments under lease agreements as of June 30, 2022, are as follows:

Year ending June 30,	Principal	Interest	Total Payments
2023	\$ 17,732,713	\$ 2,455,666	\$ 20,188,379
2024	15,963,354	1,998,954	17,962,308
2025	13,941,873	1,541,270	15,483,143
2026	11,179,854	1,165,610	12,345,464
2027	8,951,983	877,383	9,829,366
2028 - 2032	24,646,443	2,644,191	27,290,634
2033 - 2037	5,633,360	932,640	6,566,000
2038 - 2042	2,402,099	286,896	2,688,995
2043 - 2047	665,013	42,353	707,366
Total	<u>\$ 101,116,692</u>	<u>\$ 11,944,963</u>	<u>\$ 113,061,655</u>

Lessor

The System, acting as lessor, leases land and buildings under long-term, non-cancelable lease agreements. The System recognized a lease receivable and a deferred inflow of resources in its financial statements. The leases expire at various dates and provide for renewal options. During the year ended June 30, 2022, the System recognized \$13,793,934 and \$2,067,770 in lease revenue and interest revenue, respectively, pursuant to these contracts.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

13. AUXILIARY ENTERPRISES

Auxiliary enterprises revenues for the year ended June 30, 2022 were as follows:

	<u>2022</u>	
Residential facilities	\$198,025,714	
Less: scholarship allowances	<u>(11,039,449)</u>	\$186,986,265
Dining facilities	128,954,082	
Less: scholarship allowances	<u>(6,419,028)</u>	122,535,054
Intercollegiate athletics	132,226,377	
Less: scholarship allowances	<u>(1,987,735)</u>	130,238,642
Bookstore	28,215,539	
Less: scholarship allowances	<u>(4,550,328)</u>	23,665,211
Parking facilities	38,232,144	
Less: scholarship allowances	<u>(1,248,965)</u>	36,983,179
Other	155,481,618	
Less: scholarship allowances	<u>(50,127)</u>	155,431,491
Total auxiliary enterprises revenues		<u><u>\$655,839,842</u></u>

Auxiliary enterprises expenses for the year ended June 30, 2022 were as follows:

	<u>2022</u>
Residential facilities	\$187,999,542
Dining facilities	126,247,532
Intercollegiate athletics	155,492,122
Bookstore	14,417,486
Parking facilities	25,308,991
Other	<u>141,174,657</u>
Total auxiliary enterprises expenses	<u><u>\$650,640,330</u></u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

14. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2022, were as follows:

	June 30, 2021	Additions	Decreases	June 30, 2022	Due Within One Year
Accrued vacation costs	\$ 305,786,412	\$ 138,200,449	\$ 132,100,551	\$ 311,886,310	\$ 130,262,070
Accrued workers' compensation	31,961,000	2,550,639	4,362,639	30,149,000	4,522,350
Revenue bonds and notes payable, net	1,318,445,235	167,981,475	134,619,263	1,351,807,447	96,971,293
Obligations under lease agreements	38,660,352	88,032,743	25,576,403	101,116,692	17,732,713
Net pension liability	1,395,144,942		417,790,800	977,354,142	
Total long-term liabilities	\$3,089,997,941	\$ 396,765,306	\$ 714,449,656	\$2,772,313,591	\$ 249,488,426

15. OPERATING EXPENSES BY OBJECT

The System reports operating expenses in the Statement of Revenues, Expenses and Changes in Net Position by program category. Operating expenses, grouped by object classification for the year ended June 30, 2022 were as follows:

	2022			
	Employee	Payments to Suppliers, Contractors and Others		Total
		Depreciation and Amortization		
Instruction	\$ 1,269,128,507	\$ 126,059,365	\$ 74,015,224	\$ 1,469,203,096
Research	699,955,481	383,078,668	34,414,038	1,117,448,187
Public service	446,270,030	116,235,194	8,563,581	571,068,805
Academic support	381,426,800	108,829,134	44,953,584	535,209,518
Student services	213,116,219	107,343,673	8,756,390	329,216,282
Institutional support	439,804,421	158,755,074	19,737,531	618,297,026
Operation and maintenance of plant	161,129,918	167,204,131	83,046,965	411,381,014
Scholarships and fellowships	8,432,664	216,656,453		225,089,117
Auxiliary enterprises:				
Residential facilities	51,404,785	66,739,313	69,855,444	187,999,542
Dining facilities	42,831,351	74,626,214	8,789,967	126,247,532
Intercollegiate athletics	78,048,631	64,901,603	12,541,888	155,492,122
Bookstore	3,647,862	10,741,502	28,122	14,417,486
Parking facilities	11,039,472	7,973,816	6,295,703	25,308,991
Other auxiliary enterprises	62,731,443	43,234,375	35,208,839	141,174,657
Total	\$ 3,868,967,584	\$ 1,652,378,515	\$ 406,207,276	\$ 5,927,553,375

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UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022****16. RETIREMENT AND PENSION PLANS****General Information about the Pension Plan****Plan description**

Some employees of the System are members of the Maryland State Retirement and Pension System (MSRPS). These employees are members of either the Teachers Pension System (TPS) or the Employees Retirement System (ERS) of the State of Maryland. The TPS and ERS are part of the MSRPS which is considered a multiple employer cost-sharing plan. Some employees of the System may choose as an alternative to participate in the Optional Retirement Program (ORP), which is a defined contribution plan. The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at:

www.sra.state.md.us/agency/downloads/cafr/

Benefits provided

An individual who is a member of either the TPS or ERS on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the TPS or ERS on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service. For most individuals who retired from either the TPS or ERS on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's average final compensation (AFC), multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the TPS or ERS on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the TPS or ERS shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the TPS or ERS.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022****Contributions**

The Article sets contribution requirements of active employees and the participating governmental units and may be amended by the MSRPS Board. Members of the ERS are required to contribute 6% of their annual pay. Members of the TPS are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The System's required contribution rates are based on annual actuarial valuations using the individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the MSRPS Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation.

The System's required contribution for the year ended June 30, 2022 was \$148,933,334 and was actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2022 the System reported a liability of \$977,354,142 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was a ratio of the System's long-term share of contributions to the pension plan relative to the contributions of all participating government units, actuarially determined. As of June 30, 2022 and 2021, the System's proportion for the net pension liability was 7.01% and 6.61%, respectively.

For the year ended June 30, 2022 the System recognized pension expense of \$192,247,628. As of June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$188,627,730	\$ 19,885,840
Net difference between projected and actual earnings on pension plan investments		451,163,537
Contributions made subsequent to the measurement date	148,933,334	
Change in proportionate share	43,146,800	5,705,228
Difference between actual and expected experience		70,124,907
Total	<u>\$380,707,864</u>	<u>\$546,879,512</u>

The System reported \$148,933,334 as deferred outflows of resources related to the pension resulting from the System's contributions subsequent to the measurement date that will be recognized as a reduction of the pension liability in the year ended June 30, 2023.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Amounts other than contributions made subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Years ending June 30,	Deferred outflows	Deferred inflows
2023	\$ 86,534,800	\$141,267,102
2024	42,161,676	128,550,979
2025	40,946,050	126,591,902
2026	40,946,050	145,107,417
2027	21,185,954	5,362,112
Total	<u>\$231,774,530</u>	<u>\$546,879,512</u>

Information included in the MSRPS financial statements

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at:

<https://sra.maryland.gov/annual-financial-reports>

Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate.

The System's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent is \$977,354,142. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) is \$1,664,571,081, or 1-percentage-point higher (7.80 percent) is \$407,312,169.

Optional Retirement Program

Another option for employees if they choose not to participate in the MSRPS is the optional retirement programs (ORP), which are defined contribution money purchase plans funded currently each year and invested in specific funds offered by one of two vendors. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings.

Qualified employees are eligible to participate from the date of employment. Employees in both the ORP and the State System can also participate in supplemental retirement plans.

State legislation provides that the System contribute 7.25 percent of covered employees' annual salaries each month. The employee does not have to contribute to the plan in order to receive the System's contribution. The System's contribution along with that of the employee is immediately and fully vested. Payroll for employees covered in the ORP for the year ended June 30, 2022, was \$1,465,158,386.

The amount contributed by the System for employees participating in the ORP for the year ended June 30, 2022 was \$106,223,983.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Major Component Units

The USMF maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The USMF contributes 7.25 percent of the employees' compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the year ended June 30, 2022, was approximately \$288,000.

17. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan). The Plan is a cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents.

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Plan Description

Effective July 1, 2004, the State established the Postretirement Health Benefits Trust Fund (OPEB Trust) to receive appropriated funds and contributions to assist the Plan in financing the State's postretirement health insurance subsidy. The OPEB Trust is established in accordance with Section 34-101 of the State Personnel and Pensions Article of the Annotated Code of Maryland and is administered by the Board of Trustees for the Maryland State Retirement and Pension System. The Plan is included in the State's CAFR, which can be obtained from the Comptroller of Maryland's website at:

www.marylandtaxes.com

System employees are members of the Plan. Eligibility for the Plan is determined by various factors, including date of hire. Generally, employees hired before July 1, 2011 may enroll and participate in the Plan if the employee left State service with at least 16 years of creditable service, retired directly from State service with at least 5 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement. Employees hired on or after July 1, 2011, may enroll and participate in the Plan if the employee left State service with at least 25 years of creditable service, retired directly from State service with at least 10 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Funding Policy

Funds deposited into the OPEB Trust may consist of any funds appropriated to the OPEB Trust, whether directly or through the budgets of any State agency. The State is required by law to include money in the State budget to pay the State's share of the costs of the Plan.

The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. Costs for postretirement benefits for State retirees are primarily funded by the State. The State does not distinguish employees by employer/State agency. The State has elected to maintain the entire net OPEB liability as a liability of the general fund of the State and has not allocated any balances to State entities including the System.

A separate actuarial valuation is not performed by the System. The System's only obligation to the Plan is its required annual contribution, which it has fully funded during the years ended June 30, 2022, 2021, and 2020. The amount contributed for the years ended June 30, 2022, 2021, and 2020 was \$104,579,077, \$89,821,855, and \$86,698,017 respectively.

18. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2022 is \$465,194,675 of which \$78,044,423 is to be funded from Revenue Bond proceeds, \$308,241,260 is to be derived from State capital appropriations and grants, and \$78,908,992 to be provided from System funds.

19. CONTINGENT LIABILITIES

The System has entered into future purchase commitments for natural gas and electricity, as a means of hedging its risk against fluctuations in price of an important fuel commodity and electricity supplies. As of June 30, 2022, the System had entered into open contracts for the purchase of \$10,912,350 of natural gas to be delivered through June 2023. Future purchase commitments for electricity to be supplied through June 2023 totaled \$43,564,971 as of June 30, 2022. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

The System receives support from federal and state grant programs, primarily for student financial assistance and research activities. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. As of June 30, 2022, the System estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the accompanying financial statements.

The System is involved in a number of legal actions that arise in the normal course of its operations. Management is not aware of any legal actions that will have a material adverse effect on the System's financial position.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

20. RISK MANAGEMENT

The System participates in State-wide self-insurance programs for many forms of risk of loss, including general liability, property and casualty, workers' compensation, environmental and anti-trust liabilities, as well as certain employee health benefit programs.

The System remits premiums to the State to cover costs of claims servicing and claims payments. The premiums are based on a percentage of annual payroll or are based on average loss experience, taking into account recent trends in actual claims experience, and providing for catastrophic losses.

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal year ended June 30, 2022. Settlement amounts have not exceeded insurance coverage levels for the year ended June 30, 2022. As of June 30, 2022, the System has recorded \$30,149,000 in liabilities associated with workers' compensation, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

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UNIVERSITY SYSTEM OF MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

	2022	2021	2020	2019	2018	2017	2016	2015
The System's proportion of the net pension liability	7.010%	6.610%	6.610%	6.660%	5.540%	5.580%	5.120%	4.049%
The System's proportionate share of the net pension liability	\$ 977,354,142	\$ 1,395,144,942	\$ 1,275,563,402	\$ 1,309,998,345	\$ 1,130,058,957	\$ 1,216,808,542	\$ 966,400,173	\$ 718,516,394
The System's covered-employee payroll	728,386,990	641,284,925	663,610,683	643,954,572	640,734,064	602,991,802	625,011,000	620,592,872
The System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134%	218%	192%	203%	175%	190%	160%	115%
Plan fiduciary net position as a percentage of the total pension liability	82.00%	70.70%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

SCHEDULE OF CONTRIBUTIONS TO THE TEACHERS PENSION SYSTEM AND THE EMPLOYEES RETIREMENT SYSTEM

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 148,933,334	\$ 149,169,018	\$ 140,862,090	\$ 127,554,617	\$ 124,482,282	\$ 127,341,536	\$ 108,699,493	\$ 107,709,938
Contributions in relation to the contractually required contribution	(148,933,334)	(149,169,018)	(140,862,090)	(127,554,617)	(124,482,282)	(127,341,536)	(108,699,493)	(107,709,938)
Contribution deficiency (excess)	None	None	None	None	None	None	None	None
The System's covered-employee payroll	\$ 727,658,096	\$ 728,386,990	\$ 641,284,925	\$ 663,610,683	\$ 643,954,572	\$ 640,734,064	\$ 602,991,802	\$ 625,011,000
Contributions as a percentage of covered-employee payroll	20.47%	20.48%	21.97%	19.22%	19.33%	19.87%	18.03%	17.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 104,579,077	\$ 89,821,855	\$ 86,698,017	\$ 87,680,958	\$ 74,945,815	\$ 96,216,009
Contributions in relation to the statutorily required contribution	(104,579,077)	(89,821,855)	(86,698,017)	(87,680,958)	(74,945,815)	(96,216,009)
Contribution deficiency (excess)	None	None	None	None	None	None
The System's covered-employee payroll	\$ 2,192,816,482	\$ 2,189,042,706	\$ 2,003,657,367	\$ 1,936,933,552	\$ 1,916,898,172	\$ 1,884,516,905
Contributions as a percentage of covered-employee payroll	4.77%	4.10%	4.33%	4.53%	3.91%	5.11%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

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SUPPLEMENTARY DATA

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UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 519,813,363	\$ 3,437,628
Accounts receivable, net	95,505,330	19,005,037
Leases receivable, current portion, net	587,555	
Notes receivable, current portion, net	896,328	
Inventories	120,088	
Prepaid expenses and other	296,521	99,427
Inter-institutional balances	<u>10,641,529</u>	
Total current assets	<u>627,860,714</u>	<u>22,542,092</u>
Noncurrent assets		
Accounts receivable, net		17,876,319
Endowment investments	133,339,099	333,509,937
Other investments	3,078,883	222,337,043
Leases receivable, net	2,592,344	
Notes receivable, net	7,352,463	
Other assets		4,025,893
Capital assets, net	<u>855,000,044</u>	
Total noncurrent assets	<u>1,001,362,833</u>	<u>577,749,192</u>
Total assets	<u>1,629,223,547</u>	<u>600,291,284</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>83,194,835</u>	
Total assets and deferred outflows of resources	<u>\$1,712,418,382</u>	<u>\$ 600,291,284</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 76,717,033	\$ 2,195,987
Accrued workers' compensation, current portion	1,431,300	
Accrued vacation costs, current portion	50,214,799	
Revenue bonds and notes payable, current portion	7,466,128	
Lease obligations, current portion	3,252,788	
Unearned revenues	<u>94,800,116</u>	
Total current liabilities	<u>233,882,164</u>	<u>2,195,987</u>
Noncurrent liabilities		
Accrued workers' compensation	8,110,700	
Accrued vacation costs	66,602,987	
Endowments invested on behalf of primary government		133,339,099
Other payables		1,954,553
Revenue bonds and notes payable	58,781,270	
Lease obligations	7,921,305	
Net pension liability	<u>204,619,715</u>	
Total noncurrent liabilities	<u>346,035,977</u>	<u>135,293,652</u>
Total liabilities	<u>579,918,141</u>	<u>137,489,639</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>145,476,997</u>	
NET POSITION		
Unrestricted	132,415,947	45,232,880
Net investment in capital assets	759,217,639	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,004,114	
Research	4,039,391	
Other	10,298,255	
Expendable:		
Scholarships and fellowships	29,202,902	
Research	8,079,968	
Loans	12,993,890	
Other	19,771,138	
Net assets with donor restrictions		<u>417,568,765</u>
Total net position	<u>987,023,244</u>	<u>462,801,645</u>
Total liabilities, deferred inflows of resources and net position	<u>\$1,712,418,382</u>	<u>\$ 600,291,284</u>

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 176,640,596	
Less: scholarship allowances	(40,792,209)	\$ 135,848,387
Federal grants and contracts	326,690,290	
State and local grants and contracts	104,563,474	
Nongovernmental grants and contracts	109,982,454	
Sales and services of educational departments	357,831,989	
Auxiliary enterprises:		
Residential facilities	2,413,731	
Parking facilities	12,888,636	
Other auxiliary enterprises revenues	<u>14,825,672</u>	
Total operating revenues	<u>1,065,044,633</u>	
OPERATING EXPENSES		
Instruction	207,515,655	
Research	421,190,518	
Public service	399,655,499	
Academic support	68,495,848	
Student services	14,528,610	
Institutional support	103,320,279	
Operation and maintenance of plant	104,218,353	
Scholarships and fellowships	667,222	
Auxiliary enterprises:		
Residential facilities	1,924,357	
Parking facilities	8,101,090	
Other auxiliary enterprises expenses	<u>13,652,052</u>	
Total operating expenses	<u>1,343,269,483</u>	
Operating loss	<u>(278,224,850)</u>	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	260,199,753	
Pell grants	1,180,846	
Other nonoperating grants	5,716,611	
Gifts	17,447,838	\$ 33,769,688
Investment income	5,435,403	4,075,328
Less: investment expense	(522,677)	
Interest on indebtedness	(1,932,854)	
Other revenues, (expenses), gains and (losses)	(609,867)	
Other affiliated foundation revenues		77,019
Other affiliated foundation expenses		(31,413,525)
Transfers (to) other University System of Maryland institutions	<u>(244,991)</u>	
Total nonoperating revenues	<u>286,670,062</u>	<u>6,508,510</u>
Income before other revenues	<u>8,445,212</u>	<u>6,508,510</u>
OTHER REVENUES		
Capital appropriations	15,264,083	
Capital gifts and grants	20,054	
Additions to endowments	<u>1,408,980</u>	
Total other revenues	<u>16,693,117</u>	
Increase in net position	25,138,329	6,508,510
Net position - beginning of year	<u>961,884,915</u>	<u>456,293,135</u>
Net position - end of year	<u>\$ 987,023,244</u>	<u>\$ 462,801,645</u>

**UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 135,992,606
Research contracts and grants	577,077,136
Payments to employees	(948,076,451)
Payments to suppliers and contractors	(303,003,517)
Loans issued to students	(777,178)
Collection of loans to students	2,063,200
Student direct lending payments	(146,804,896)
Student direct lending receipts	146,804,896
Auxiliary enterprises:	
Residential facilities	661,765
Parking facilities	12,888,636
Other	14,825,672
Other receipts	<u>391,310,977</u>
Net cash provided (used) by operating activities	<u>(117,037,154)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	260,199,753
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	1,408,980
Pell grants	1,180,846
Other nonoperating grants	<u>5,716,611</u>
Net cash provided by noncapital financing activities	<u>268,506,190</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of capital debt	5,742,952
Capital appropriations	15,264,083
Proceeds from sales of capital assets	40,776
Purchases of capital assets	(68,077,758)
Principal paid on debt and leases	(13,011,031)
Interest paid on debt and leases	(2,568,641)
Transfers (to) other University System of Maryland institutions	<u>(9,818,968)</u>
Net cash provided (used) by capital and related financing activities	<u>(72,428,587)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	5,284,498
Interest on investments	3,040,324
Investment expense	(522,677)
Purchases of investments	<u>(2,009,230)</u>
Net cash provided by investing activities	<u>5,792,915</u>
Net increase in cash and cash equivalents	84,833,364
Cash and cash equivalents - beginning of year	<u>434,979,999</u>
Cash and cash equivalents - end of year	<u>\$ 519,813,363</u>

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF NET POSITION
JUNE 30, 2022

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 921,566,023	\$ 63,587,454
Accounts receivable, net	101,606,583	67,032,835
Leases receivable, current portion, net	8,739,803	
Notes receivable, current portion, net	1,828,053	
Inventories	2,855,376	
Prepaid expenses and other	2,166,045	94,533
Inter-institutional balances	30,638,495	
Total current assets	1,069,400,378	130,714,822
Noncurrent assets		
Restricted cash and cash equivalents	28,943	
Accounts receivable, net		41,890,042
Endowment investments	211,783,837	753,669,587
Other investments	14,939,909	329,333,973
Leases receivable, net	40,102,374	
Notes receivable, net	1,588,913	
Other assets		6,456,665
Capital assets, net	2,418,789,338	3,731,284
Total noncurrent assets	2,687,233,314	1,135,081,551
Total assets	3,756,633,692	1,265,796,373
DEFERRED OUTFLOWS OF RESOURCES	138,103,726	
Total assets and deferred outflows of resources	\$ 3,894,737,418	\$ 1,265,796,373
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 147,657,948	\$ 4,807,158
Accrued workers' compensation, current portion	1,671,750	
Accrued vacation costs, current portion	29,165,191	
Revenue bonds and notes payable, current portion	30,778,070	
Lease obligations, current portion	10,914,033	
Unearned revenues	204,239,468	1,353,443
Total current liabilities	424,426,460	6,160,601
Noncurrent liabilities		
Accrued workers' compensation	9,473,250	
Accrued vacation costs	80,176,335	
Endowments invested on behalf of primary government		211,776,637
Other payables		15,500,168
Revenue bonds and notes payable	408,556,278	
Lease obligations	48,803,419	
Net pension liability	328,041,677	
Total noncurrent liabilities	875,050,959	227,276,805
Total liabilities	1,299,477,419	233,437,406
DEFERRED INFLOWS OF RESOURCES	324,160,306	
NET POSITION		
Unrestricted	346,040,580	42,850,250
Net investment in capital assets	1,821,946,933	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	9,028,700	
Research	3,596,986	
Other	5,168,599	
Expendable:		
Scholarships and fellowships	11,119,657	
Research	60,451,777	
Loans	4,866,268	
Other	8,880,193	
Net assets with donor restrictions		989,508,717
Total net position	2,271,099,693	1,032,358,967
Total liabilities, deferred inflows of resources and net position	\$ 3,894,737,418	\$ 1,265,796,373

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 683,246,203	
Less: scholarship allowances	(140,611,335)	
Federal grants and contracts	\$ 542,634,868	
State and local grants and contracts	434,307,879	
Nongovernmental grants and contracts	50,582,302	
Sales and services of educational departments	129,542,238	
Auxiliary enterprises:		
Residential facilities	82,226,204	
Less: scholarship allowances	(3,929,205)	
	78,296,999	
Dining facilities	60,111,744	
Less: scholarship allowances	(1,559,933)	
Intercollegiate athletics	92,193,137	
Parking facilities	14,602,901	
Other auxiliary enterprises revenues	57,397,346	
Other operating revenues	28,631,204	
Total operating revenues	1,516,367,166	
OPERATING EXPENSES		
Instruction	608,709,314	
Research	540,567,235	
Public service	99,661,632	
Academic support	211,767,687	
Student services	63,485,931	
Institutional support	175,171,279	
Operation and maintenance of plant	138,938,560	
Scholarships and fellowships	35,322,021	
Auxiliary enterprises:		
Residential facilities	97,293,511	
Dining facilities	63,976,847	
Intercollegiate athletics	98,209,953	
Parking facilities	7,603,873	
Other auxiliary enterprises expenses	70,548,899	
Total operating expenses	2,211,256,742	
Operating loss	(694,889,576)	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	594,786,981	
Pell grants	29,323,108	
Other nonoperating grants	48,297,779	
Gifts	34,568,148	\$ 88,191,078
Investment income	12,755,802	9,163,460
Less: investment expense	(755,062)	
Interest on indebtedness	(12,582,497)	
Other revenues, (expenses), gains and (losses)	(2,311,325)	
Other affiliated foundation revenues		(3,730,906)
Other affiliated foundation expenses		(70,157,358)
Transfers from other University System of Maryland institutions	49,513,552	
Total nonoperating revenues	753,596,486	23,466,274
Income before other revenues	58,706,910	23,466,274
OTHER REVENUES		
Capital appropriations	27,762,175	
Capital gifts and grants	40,654,938	
Additions to endowments	1,491,893	
Total other revenues	69,909,006	
Increase in net position	128,615,916	23,466,274
Net position - beginning of year	2,142,483,777	1,008,892,693
Net position - end of year	\$ 2,271,099,693	\$ 1,032,358,967

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 544,967,912
Research contracts and grants	613,631,417
Payments to employees	(1,424,652,523)
Payments to suppliers and contractors	(559,806,317)
Collection of loans to students	1,032,547
Student direct lending payments	(121,509,766)
Student direct lending receipts	121,509,766
Auxiliary enterprises:	
Residential facilities	70,586,883
Dining facilities	58,551,811
Intercollegiate athletics	103,850,759
Parking facilities	14,602,901
Other	56,559,025
Other receipts	<u>101,412,467</u>
Net cash provided (used) by operating activities	<u>(419,263,118)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	594,786,981
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	1,491,893
Pell grants	29,323,108
Other nonoperating grants	<u>48,297,779</u>
Net cash provided by noncapital financing activities	<u>673,899,761</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of capital debt	42,693,421
Capital appropriations	27,762,175
Capital grants and gifts received	40,654,938
Proceeds from sales of capital assets	2,182,319
Purchases of capital assets	(235,943,640)
Principal paid on debt and leases	(32,919,224)
Interest paid on debt and leases	(18,777,723)
Transfers from other University System of Maryland institutions	<u>28,656,669</u>
Net cash provided (used) by capital and related financing activities	<u>(145,691,065)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	5,880,253
Interest on investments	6,721,205
Investment expense	(755,062)
Purchases of investments	<u>(3,528,926)</u>
Net cash provided by investing activities	<u>8,317,470</u>
Net increase in cash and cash equivalents	117,263,048
Cash and cash equivalents - beginning of year	<u>804,331,918</u>
Cash and cash equivalents - end year	<u>\$ 921,594,966</u>

**BOWIE STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 90,131,546	\$ 4,659,722
Accounts receivable, net	20,029,704	697,758
Notes receivable, current portion, net	56,108	
Inter-institutional balances	165,050	
Total current assets	110,382,408	5,357,480
Noncurrent assets		
Accounts receivable, net		2,018,451
Endowment investments	2,770,292	38,477,302
Other investments		2,770,292
Notes receivable, net	254,324	
Capital assets, net	333,771,493	
Total noncurrent assets	336,796,109	43,266,045
Total assets	447,178,517	48,623,525
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	\$ 458,009,637	\$ 48,623,525
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 16,820,774	\$ 1,099,722
Accrued workers' compensation, current portion	137,100	
Accrued vacation costs, current portion	1,541,828	
Revenue bonds and notes payable, current portion	2,900,258	
Unearned revenues	5,846,188	
Total current liabilities	27,246,148	1,099,722
Noncurrent liabilities		
Accrued workers' compensation	776,900	
Accrued vacation costs	2,389,417	
Endowments invested on behalf of primary government		2,770,292
Revenue bonds and notes payable	31,024,287	
Net pension liability	27,122,707	
Total noncurrent liabilities	61,313,311	2,770,292
Total liabilities	88,559,459	3,870,014
DEFERRED INFLOWS OF RESOURCES		
Total liabilities, deferred inflows of resources and net position	83,109,271	
NET POSITION		
Unrestricted	53,668,103	24,893,469
Net investment in capital assets	232,302,129	
Restricted:		
Expendable:		
Loans	370,675	
Net assets with donor restrictions		19,860,042
Total net position	286,340,907	44,753,511
Total liabilities, deferred inflows of resources and net position	\$ 458,009,637	\$ 48,623,525

BOWIE STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 48,808,367	
Less: scholarship allowances	<u>(20,192,748)</u>	\$ 28,615,619
Federal grants and contracts		15,620,484
State and local grants and contracts		333,913
Nongovernmental grants and contracts		266,570
Sales and services of educational departments		27,699
Auxiliary enterprises:		
Residential facilities	7,579,572	
Less: scholarship allowances	<u>(576,808)</u>	7,002,764
Dining facilities	7,791,059	
Less: scholarship allowances	<u>(920,850)</u>	6,870,209
Intercollegiate athletics	4,483,663	
Less: scholarship allowances	<u>(624,373)</u>	3,859,290
Parking facilities		257,565
Other auxiliary enterprises revenues		<u>8,462,747</u>
Total operating revenues		<u>71,316,860</u>
OPERATING EXPENSES		
Instruction		45,821,748
Research		1,476,107
Public service		468,684
Academic support		33,227,305
Student services		14,953,141
Institutional support		22,054,878
Operation and maintenance of plant		12,418,663
Scholarships and fellowships		18,865,615
Auxiliary enterprises:		
Residential facilities		6,877,035
Dining facilities		7,709,667
Intercollegiate athletics		4,964,001
Other auxiliary enterprises expenses		<u>5,774,775</u>
Total operating expenses		<u>174,611,619</u>
Operating loss		<u>(103,294,759)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		50,797,785
Pell grants		13,154,403
Other nonoperating grants		40,376,079
Gifts		\$ 5,937,423
Investment income	436,419	420,844
Less: investment expense	<u>(6,835)</u>	429,584
Interest on indebtedness		(793,782)
Other revenues, (expenses), gains and (losses)		(44,752)
Other affiliated foundation revenues		63,338
Other affiliated foundation expenses		(2,416,116)
Transfers from other University System of Maryland institutions		<u>1,514,347</u>
Total nonoperating revenues (expenses)		<u>105,433,664</u>
Income (loss) before other revenues		<u>2,138,905</u>
OTHER REVENUES		
Capital appropriations		<u>7,473,049</u>
Total other revenues		<u>7,473,049</u>
Increase in net position		9,611,954
Net position - beginning of year		<u>276,728,953</u>
Net position - end of year		<u>\$ 286,340,907</u>
		<u>\$ 44,753,511</u>

**BOWIE STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees		\$ 25,796,598
Research contracts and grants		18,958,014
Payments to employees		(85,614,511)
Payments to suppliers and contractors		(71,226,658)
Collection of loans to students		56,108
Student direct lending payments		(30,664,517)
Student direct lending receipts		30,664,517
Auxiliary enterprises:		
Residential facilities		3,853,567
Dining facilities		6,870,209
Intercollegiate athletics		3,859,290
Parking facilities		257,565
Other		8,462,747
Other receipts (payments)		<u>(8,982,453)</u>
Net cash provided (used) by operating activities		<u>(97,709,524)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		50,797,785
Pell grants		13,154,403
Other nonoperating grants		<u>40,376,079</u>
Net cash provided by noncapital financing activities		<u>104,328,267</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt		6,939,945
Capital appropriations		7,473,049
Purchases of capital assets		(13,499,914)
Principal paid on debt and leases		(7,730,118)
Interest paid on debt and leases		(894,081)
Transfers from other University System of Maryland institutions		<u>2,185,158</u>
Net cash provided (used) by capital and related financing activities		<u>(5,525,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		112,009
Interest on investments		376,817
Investment expense		<u>(6,835)</u>
Net cash provided by investing activities		<u>481,991</u>
Net increase in cash and cash equivalents		1,574,773
Cash and cash equivalents - beginning of year		<u>88,556,773</u>
Cash and cash equivalents - end of year		<u><u>\$ 90,131,546</u></u>

**TOWSON UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 277,220,598	\$ 11,136,043
Accounts receivable, net	12,842,452	103,539
Leases receivable, current portion, net	351,327	
Notes receivable, current portion, net	1,066,461	
Inventories	3,422,943	
Prepaid expenses and other	3,945,740	301,372
Inter-institutional balances	25,262,457	
Total current assets	324,111,978	11,540,954
Noncurrent assets		
Restricted cash and cash equivalents	47,280	
Accounts receivable, net		6,080,553
Endowment investments	10,003,780	85,649,798
Other investments		9,887,156
Leases receivable, net	187,395	
Notes receivable, net	1,040,999	
Capital assets, net	1,131,516,949	3,703
Total noncurrent assets	1,142,796,403	101,621,210
Total assets	1,466,908,381	113,162,164
DEFERRED OUTFLOWS OF RESOURCES		
	40,257,968	
Total assets and deferred outflows of resources	\$1,507,166,349	\$ 113,162,164
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 44,047,331	\$ 1,275,511
Accrued workers' compensation, current portion	308,250	
Accrued vacation costs, current portion	9,412,399	
Revenue bonds and notes payable, current portion	25,079,303	
Lease obligations, current portion	327,570	
Unearned revenues	40,527,276	
Total current liabilities	119,702,129	1,275,511
Noncurrent liabilities		
Accrued workers' compensation	1,746,750	
Accrued vacation costs	4,596,006	
Endowments invested on behalf of primary government		9,887,156
Revenue bonds and notes payable	358,585,781	
Lease obligations	6,676,074	
Net pension liability	101,273,578	
Total noncurrent liabilities	472,878,189	9,887,156
Total liabilities	592,580,318	11,162,667
DEFERRED INFLOWS OF RESOURCES		
	80,104,238	
NET POSITION		
Unrestricted	112,621,060	3,255,255
Net investment in capital assets	712,924,907	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	265,024	
Expendable:		
Scholarships and fellowships	84,877	
Research	3,221,032	
Loans	2,290,679	
Other	3,074,214	
Net assets with donor restrictions		98,744,242
Total net position	834,481,793	101,999,497
Total liabilities, deferred inflows of resources and net position	\$1,507,166,349	\$ 113,162,164

TOWSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 178,191,602	
Less: scholarship allowances	<u>(54,970,449)</u>	\$ 123,221,153
Federal grants and contracts		737,758
State and local grants and contracts		2,293,494
Nongovernmental grants and contracts		1,269,652
Sales and services of educational departments		4,041,063
Auxiliary enterprises:		
Residential facilities	36,343,508	
Less: scholarship allowances	<u>(652,711)</u>	35,690,797
Dining facilities	22,975,453	
Less: scholarship allowances	<u>(403,745)</u>	22,571,708
Intercollegiate athletics		8,459,199
Bookstore	20,933,625	
Less: scholarship allowances	<u>(4,537,115)</u>	16,396,510
Parking facilities	6,555,044	
Less: scholarship allowances	<u>(1,097,443)</u>	5,457,601
Other auxiliary enterprises revenues		<u>38,118,773</u>
Total operating revenues		<u>258,257,708</u>
OPERATING EXPENSES		
Instruction		153,305,798
Research		5,326,683
Public service		7,666,454
Academic support		43,854,082
Student services		26,350,576
Institutional support		65,442,436
Operation and maintenance of plant		28,555,541
Scholarships and fellowships		45,005,490
Auxiliary enterprises:		
Residential facilities		25,902,488
Dining facilities		19,334,158
Intercollegiate athletics		19,885,524
Bookstore		6,301,467
Parking facilities		6,941,564
Other auxiliary enterprises expenses		<u>19,162,274</u>
Total operating expenses		<u>473,034,535</u>
Operating loss		<u>(214,776,827)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		147,389,274
Pell grants		28,815,345
Other nonoperating grants		49,965,374
Gifts		\$ 8,807,558
Investment income	2,649,022	(9,176,998)
Less: investment expense	<u>(22,912)</u>	2,626,110
Interest on indebtedness		(11,164,149)
Other revenues, (expenses), gains and (losses)		10,597,635
Other affiliated foundation revenues		3,223,362
Other affiliated foundation expenses		(9,161,610)
Transfers from other University System of Maryland institutions		<u>6,702,829</u>
Total nonoperating revenues (expenses)		<u>234,932,418</u>
Income (loss) before other revenues		<u>20,155,591</u>
OTHER REVENUES		
Capital appropriations		26,757,486
Capital gifts and grants		<u>369,972</u>
Total other revenues		<u>27,127,458</u>
Increase (decrease) in net position		47,283,049
Net position - beginning of year		<u>787,198,744</u>
Net position - end of year	<u>\$ 834,481,793</u>	<u>\$ 101,999,497</u>

**TOWSON UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 122,201,688
Research contracts and grants	5,651,492
Payments to employees	(274,469,080)
Payments to suppliers and contractors	(133,749,151)
Collection of loans to students	3,040,568
Student direct lending payments	(86,222,895)
Student direct lending receipts	86,222,895
Auxiliary enterprises:	
Residential facilities	32,167,122
Dining facilities	22,209,070
Intercollegiate athletics	8,297,621
Bookstores	15,888,197
Parking facilities	5,370,691
Other	41,893,912
Other receipts	<u>28,747,822</u>
Net cash provided (used) by operating activities	<u>(122,750,048)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	147,389,274
Pell grants	28,815,345
Other nonoperating grants	<u>49,965,374</u>
Net cash provided by noncapital financing activities	<u>226,169,993</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of capital debt	5,117,577
Capital appropriations	26,757,486
Purchases of capital assets	(110,518,395)
Principal paid on debt and leases	(27,229,779)
Interest paid on debt and leases	(14,386,240)
Transfers from other University System of Maryland institutions	<u>14,370,464</u>
Net cash provided (used) by capital and related financing activities	<u>(105,888,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	399,157
Interest on investments	2,858,559
Investment expense	<u>(22,912)</u>
Net cash provided by investing activities	<u>3,234,804</u>
Net increase in cash and cash equivalents	765,862
Cash and cash equivalents - beginning of year	<u>276,502,016</u>
Cash and cash equivalents - end of year	<u><u>\$ 277,267,878</u></u>

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,838,542	
Accounts receivable, net	5,752,747	\$ 505,115
Notes receivable, current portion, net	96,495	
Prepaid expenses and other	138,170	
Inter-institutional balances	<u>21,720,389</u>	
Total current assets	<u>34,546,343</u>	<u>505,115</u>
Noncurrent assets		
Accounts receivable, net		780,455
Endowment investments	8,157,448	57,071,876
Other investments		10,268,969
Notes receivable, net	117,800	
Capital assets, net	<u>266,319,032</u>	<u>4,883</u>
Total noncurrent assets	<u>274,594,280</u>	<u>68,126,183</u>
Total assets	<u>309,140,623</u>	<u>68,631,298</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>11,446,656</u>	
Total assets and deferred outflows of resources	<u>\$ 320,587,279</u>	<u>\$ 68,631,298</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,584,117	\$ (1,500)
Accrued workers' compensation, current portion	121,800	
Accrued vacation costs, current portion	2,837,437	
Revenue bonds and notes payable, current portion	1,489,225	
Lease obligations, current portion	116,185	
Unearned revenues	<u>23,643,076</u>	
Total current liabilities	<u>34,791,840</u>	<u>1,500</u>
Noncurrent liabilities		
Accrued workers' compensation	690,200	
Accrued vacation costs	2,749,168	
Endowments invested on behalf of primary government		8,157,448
Revenue bonds and notes payable	13,481,451	
Lease obligations	639,937	
Net pension liability	<u>29,128,964</u>	
Total noncurrent liabilities	<u>46,689,720</u>	<u>8,157,448</u>
Total liabilities	<u>81,481,560</u>	<u>8,155,948</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>11,364,695</u>	
NET POSITION		
Unrestricted	(33,280,676)	24,126,408
Net investment in capital assets	250,748,729	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	28,009	
Expendable:		
Scholarships and fellowships	3,770,252	
Loans	4,494,778	
Other	1,979,932	
Net assets with donor restrictions		<u>36,348,942</u>
Total net position	<u>227,741,024</u>	<u>60,475,350</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 320,587,279</u>	<u>\$ 68,631,298</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 23,260,111	
Less: scholarship allowances	<u>(9,122,321)</u>	
Federal grants and contracts	\$ 14,137,790	
State and local grants and contracts	10,436,117	
Nongovernmental grants and contracts	10,730,924	
Sales and services of educational departments	2,725,033	
Auxiliary enterprises:		
Residential facilities	7,088,970	
Less: scholarship allowances	<u>(455,360)</u>	
	6,633,610	
Dining facilities	4,027,307	
Less: scholarship allowances	<u>(676,915)</u>	
Intercollegiate athletics	3,245,935	
Parking facilities	54,210	
Other auxiliary enterprises revenues	4,302,203	
Other operating revenues	<u>2,247,090</u>	
Total operating revenues	<u>57,873,470</u>	
OPERATING EXPENSES		
Instruction	41,392,919	
Research	14,671,639	
Public service	3,598,552	
Academic support	7,868,362	
Student services	5,598,748	
Institutional support	21,605,479	
Operation and maintenance of plant	11,529,510	
Scholarships and fellowships	6,419,417	
Auxiliary enterprises:		
Residential facilities	6,450,898	
Dining facilities	3,957,912	
Intercollegiate athletics	4,455,025	
Other auxiliary enterprises expenses	<u>4,908,045</u>	
Total operating expenses	<u>132,456,506</u>	
Operating loss	<u>(74,583,036)</u>	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	47,440,459	
Pell grants	4,745,323	
Other nonoperating grants	12,949,815	
Gifts		\$ 10,087,277
Investment income	213,760	1,028,006
Less: investment expense	<u>(28,105)</u>	
Interest on indebtedness	185,655	
Other revenues, (expenses), gains and (losses)	(312,176)	
Other affiliated foundation revenues	(400,811)	
Other affiliated foundation expenses		16,367
Transfers from other University System of Maryland institutions	4,396,617	<u>(4,052,294)</u>
Total nonoperating revenues	<u>69,004,882</u>	<u>7,079,356</u>
Income (loss) before other revenues	<u>(5,578,154)</u>	<u>7,079,356</u>
OTHER REVENUES		
Capital appropriations	29,842,841	
Total other revenues	<u>29,842,841</u>	
Increase in net position	24,264,687	7,079,356
Net position - beginning of year	<u>203,476,337</u>	<u>53,395,994</u>
Net position - end of year	<u>\$ 227,741,024</u>	<u>\$ 60,475,350</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees		\$ 33,952,622
Research contracts and grants		23,502,807
Payments to employees		(76,048,595)
Payments to suppliers and contractors		(44,039,342)
Collection of loans to students		259,450
Student direct lending payments		(20,362,683)
Student direct lending receipts		20,362,683
Auxiliary enterprises:		
Residential facilities		6,633,610
Dining facilities		3,350,392
Intercollegiate athletics		3,245,935
Parking facilities		54,210
Other		3,925,671
Other receipts (payments)		<u>1,327,221</u>
Net cash provided (used) by operating activities		<u>(43,836,019)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		47,440,459
Pell grants		4,745,323
Other nonoperating grants		<u>12,949,815</u>
Net cash provided by noncapital financing activities		<u>65,135,597</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt		466,416
Capital appropriations		29,842,841
Purchases of capital assets		(34,635,106)
Principal paid on debt and leases		(2,153,559)
Interest paid on debt and leases		(582,609)
Transfers to other University System of Maryland institutions		<u>(12,493,897)</u>
Net cash provided (used) by capital and related financing activities		<u>(19,555,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		202,821
Interest on investments		40,525
Investment expense		<u>(28,105)</u>
Net cash provided by investing activities		<u>215,241</u>
Net increase in cash and cash equivalents		1,958,905
Cash and cash equivalents - beginning of year		<u>4,879,637</u>
Cash and cash equivalents - end of year		<u>\$ 6,838,542</u>

**FROSTBURG STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 42,701,670	\$ 420,056
Accounts receivable, net	4,194,280	381,010
Leases receivable, current portion, net	137,001	
Notes receivable, current portion, net	7,396	
Inventories	1,195,246	
Prepaid expenses and other	1,689,670	13,725
Inter-institutional balances	45,857,843	
Total current assets	95,783,106	814,791
Noncurrent assets		
Accounts receivable, net		685,369
Endowment investments	5,307,887	33,007,310
Other investments		11,530,161
Leases receivable, net	719,052	
Notes receivable, net	233,063	
Other assets		417,089
Capital assets, net	231,877,137	8,550
Total noncurrent assets	238,137,139	45,648,479
Total assets	333,920,245	46,463,270
DEFERRED OUTFLOWS OF RESOURCES		
	15,003,924	
Total assets and deferred outflows of resources	\$ 348,924,169	\$ 46,463,270
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,925,584	\$ 25,710
Accrued workers' compensation, current portion	92,250	
Accrued vacation costs, current portion	2,996,086	
Revenue bonds and notes payable, current portion	3,102,535	
Lease obligations, current portion	128,504	
Unearned revenues	48,911,150	3,160
Total current liabilities	64,156,109	28,870
Noncurrent liabilities		
Accrued workers' compensation	522,750	
Accrued vacation costs	703,930	
Endowments invested on behalf of primary government		5,307,887
Other payables		17,324
Revenue bonds and notes payable	50,947,296	
Lease obligations	174,198	
Net pension liability	38,777,546	
Total noncurrent liabilities	91,125,720	5,325,211
Total liabilities	155,281,829	5,354,081
DEFERRED INFLOWS OF RESOURCES		
	30,365,874	
NET POSITION		
Unrestricted	(5,315,674)	3,017,361
Net investment in capital assets	164,715,217	
Restricted:		
Nonexpendable:		
Other	750,000	
Expendable:		
Scholarships and fellowships	2,420,251	
Research		
Loans	269,367	
Other	437,305	
Net assets with donor restrictions	3,006,928	38,091,828
Total net position	163,276,466	41,109,189
Total liabilities, deferred inflows of resources and net position	\$ 348,924,169	\$ 46,463,270

FROSTBURG STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 33,889,734	
Less: scholarship allowances	<u>(6,969,065)</u>	\$ 26,920,669
Federal grants and contracts		2,871,570
State and local grants and contracts		1,488,670
Nongovernmental grants and contracts		169,412
Sales and services of educational departments		1,381,574
Auxiliary enterprises:		
Residential facilities	9,058,990	
Less: scholarship allowances	<u>(85,508)</u>	8,973,482
Dining facilities	6,320,909	
Less: scholarship allowances	<u>(4,444)</u>	6,316,465
Intercollegiate athletics	2,983,321	
Less: scholarship allowances	<u>(50,802)</u>	2,932,519
Bookstore	1,038,253	
Less: scholarship allowances	<u>(9,959)</u>	1,028,294
Other auxiliary enterprises revenues	3,821,981	
Less: scholarship allowances	<u>(38,396)</u>	3,783,585
Other operating revenues		<u>425,043</u>
Total operating revenues		<u>56,291,283</u>
OPERATING EXPENSES		
Instruction		36,065,518
Research		104,326
Public service		5,119,216
Academic support		10,072,688
Student services		5,790,912
Institutional support		14,600,178
Operation and maintenance of plant		11,517,671
Scholarships and fellowships		17,490,126
Auxiliary enterprises:		
Residential facilities		8,676,739
Dining facilities		5,006,246
Intercollegiate athletics		5,857,077
Bookstore		1,190,585
Other auxiliary enterprises expenses		<u>4,049,174</u>
Total operating expenses		<u>125,540,456</u>
Operating loss		<u>(69,249,173)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		45,259,664
Pell grants		6,299,394
Other nonoperating grants		16,853,757
Gifts		1,337,111
Investment income	358,823	\$ 4,199,084
Less: investment expense	<u>(17,318)</u>	318,244
Interest on indebtedness		(1,676,066)
Other revenues, (expenses), gains and (losses)		(156,078)
Other affiliated foundation revenues		379,722
Other affiliated foundation expenses		<u>(2,492,349)</u>
Transfers from other University System of Maryland institutions		<u>4,902,798</u>
Total nonoperating revenues		<u>73,162,085</u>
Income before other revenues		<u>2,404,701</u>
OTHER REVENUES		
Capital appropriations		24,388,353
Capital gifts and grants		<u>45,663</u>
Total other revenues		<u>24,434,016</u>
Increase in net position		28,346,928
Net position - beginning of year		<u>134,929,538</u>
Net position - end of year		<u>\$ 163,276,466</u>
		<u>\$ 41,109,189</u>

**FROSTBURG STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees		\$ 25,729,660
Research contracts and grants		124,150
Payments to employees		(70,934,488)
Payments to suppliers and contractors		(43,205,719)
Collection of loans to students		43,931
Student direct lending payments		(14,875,344)
Student direct lending receipts		14,875,344
Auxiliary enterprises:		
Residential facilities		7,760,463
Dining facilities		6,317,306
Intercollegiate athletics		2,932,519
Bookstores		1,075,023
Other		3,809,741
Other receipts		<u>48,838,789</u>
Net cash provided (used) by operating activities		<u>(17,508,625)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		45,259,664
Pell grants		6,299,394
Other nonoperating grants		<u>16,853,757</u>
Net cash provided by noncapital financing activities		<u>68,412,815</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt		722,181
Capital appropriations		24,388,353
Purchases of capital assets		(29,111,896)
Principal paid on debt and leases		(3,140,472)
Interest paid on debt and leases		(2,106,325)
Transfers to other University System of Maryland institutions		<u>(39,670,517)</u>
Net cash provided (used) by capital and related financing activities		<u>(48,918,676)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		100,447
Interest on investments		246,771
Investment expense		<u>(17,318)</u>
Net cash provided by investing activities		<u>329,900</u>
Net increase in cash and cash equivalents		2,315,414
Cash and cash equivalents - beginning of year		<u>40,386,256</u>
Cash and cash equivalents - end of year		<u>\$ 42,701,670</u>

**COPPIN STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,239,352	\$ 4,257,268
Accounts receivable, net	11,723,199	1,287,002
Notes receivable, current portion, net	25,336	
Prepaid expenses and other	35,114	5,831
Inter-institutional balances	<u>20,808,985</u>	
Total current assets	<u>50,831,986</u>	<u>5,550,101</u>
Noncurrent assets		
Endowment investments	3,453,280	11,741,911
Other investments		3,453,280
Notes receivable, net	412,669	
Capital assets, net	<u>305,649,812</u>	<u>206,500</u>
Total noncurrent assets	<u>309,515,761</u>	<u>15,401,691</u>
Total assets	360,347,747	20,951,792
DEFERRED OUTFLOWS OF RESOURCES		
	<u>11,491,208</u>	
Total assets and deferred outflows of resources	<u>\$ 371,838,955</u>	<u>\$ 20,951,792</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,933,053	\$ 64,351
Accrued workers' compensation, current portion	126,750	
Accrued vacation costs, current portion	1,769,898	
Revenue bonds and notes payable, current portion	2,656,357	
Lease obligations, current portion	114,235	
Unearned revenues	<u>25,169,785</u>	
Total current liabilities	<u>39,770,078</u>	<u>64,351</u>
Noncurrent liabilities		
Accrued workers' compensation	718,250	
Accrued vacation costs	1,733,407	
Endowments invested on behalf of primary government		3,453,280
Other payables		7,424
Revenue bonds and notes payable	25,690,937	
Lease obligations	52,788	
Net pension liability	<u>31,888,129</u>	
Total noncurrent liabilities	<u>60,083,511</u>	<u>3,460,704</u>
Total liabilities	<u>99,853,589</u>	<u>3,525,055</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>16,840,402</u>	
NET POSITION		
Unrestricted	(23,718,753)	571,550
Net investment in capital assets	277,408,897	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	434,289	
Other	240,125	
Expendable:		
Scholarships and fellowships	59,618	
Loans	693,229	
Other	27,559	
Net assets with donor restrictions		<u>16,855,187</u>
Total net position	<u>255,144,964</u>	<u>17,426,737</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 371,838,955</u>	<u>\$ 20,951,792</u>

COPPIN STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 13,168,878	
Less: scholarship allowances	(8,449,782)	\$ 4,719,096
Federal grants and contracts		6,917,272
State and local grants and contracts		1,377,231
Nongovernmental grants and contracts		719,132
Sales and services of educational departments		553,013
Auxiliary enterprises:		
Residential facilities	2,241,023	
Less: scholarship allowances	(90,646)	2,150,377
Dining facilities		1,912,173
Intercollegiate athletics	2,387,539	
Less: scholarship allowances	(1,312,560)	1,074,979
Parking facilities	848,370	
Less: scholarship allowances	(151,522)	696,848
Other auxiliary enterprises revenues		1,811,485
Total operating revenues		21,931,606
OPERATING EXPENSES		
Instruction		26,576,842
Research		1,027,239
Public service		90,662
Academic support		8,996,023
Student services		6,568,519
Institutional support		35,749,393
Operation and maintenance of plant		11,982,629
Scholarships and fellowships		4,433,635
Auxiliary enterprises:		
Residential facilities		2,186,024
Dining facilities		3,090,000
Intercollegiate athletics		3,859,307
Parking facilities		534,965
Other auxiliary enterprises expenses		2,302,556
Total operating expenses		107,397,794
Operating loss		(85,466,188)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		47,982,333
Pell grants		4,713,010
Other nonoperating grants		17,571,012
Gifts		\$ 3,181,534
Investment income	194,249	184,445
Less: investment expense	(10,258)	183,991
Interest on indebtedness		(765,197)
Other revenues, (expenses), gains and (losses)		
Other affiliated foundation revenues		(256,705)
Other affiliated foundation expenses		(1,220,742)
Transfers from other University System of Maryland institutions		3,605,477
Total nonoperating revenues		1,888,532
Income (loss) before other revenues		1,888,532
OTHER REVENUES		
Capital appropriations		13,290,358
Total other revenues		13,290,358
Increase in net position		1,114,796
Net position - beginning of year		254,030,168
Net position - end of year	\$ 255,144,964	\$ 17,426,737

**COPPIN STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 4,719,098
Research contracts and grants	13,191,165
Payments to employees	(51,721,321)
Payments to suppliers and contractors	(43,859,890)
Collection of loans to students	292,329
Student direct lending payments	(8,055,701)
Student direct lending receipts	8,055,701
Auxiliary enterprises:	
Residential facilities	2,150,377
Dining facilities	1,912,173
Intercollegiate athletics	1,074,979
Parking facilities	696,848
Other	1,811,485
Other receipts	<u>21,690,853</u>
Net cash provided (used) by operating activities	<u>(48,041,904)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	47,982,333
Gifts and grants received for other than capital purposes:	
Pell grants	4,713,010
Other nonoperating grants	<u>17,571,012</u>
Net cash provided by noncapital financing activities	<u>70,266,355</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of capital debt	284,447
Capital appropriations	13,290,358
Proceeds from sales of capital assets	
Purchases of capital assets	(14,769,036)
Principal paid on debt and leases	(2,811,097)
Interest paid on debt and leases	(1,063,137)
Transfers to other University System of Maryland institutions	<u>(17,109,516)</u>
Net cash provided (used) by capital and related financing activities	<u>(22,177,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	12,778
Interest on investments	122,477
Investment expense	<u>(10,258)</u>
Net cash provided by investing activities	<u>124,997</u>
Net increase in cash and cash equivalents	171,467
Cash and cash equivalents - beginning of year	<u>18,067,885</u>
Cash and cash equivalents - end of year	<u>\$ 18,239,352</u>

UNIVERSITY OF BALTIMORE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 64,291,538	\$ 16,847,625
Accounts receivable, net	7,380,877	
Leases receivable, current portion, net	1,300,208	
Notes receivable, current portion, net	32,905	
Prepaid expenses and other	841,915	
Inter-institutional balances	<u>(2,587,305)</u>	
Total current assets	<u>71,260,138</u>	<u>16,847,625</u>
Noncurrent assets		
Accounts receivable, net		5,837,351
Endowment investments	1,524,479	66,918,820
Other investments		1,524,479
Leases receivable, net	2,244,454	
Notes receivable, net	149,904	
Other assets		
Capital assets, net	<u>190,821,871</u>	<u>724,659</u>
Total noncurrent assets	<u>194,740,708</u>	<u>75,005,309</u>
Total assets	<u>266,000,846</u>	<u>91,852,934</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>10,663,569</u>	
Total assets and deferred outflows of resources	<u>\$ 276,664,415</u>	<u>\$ 91,852,934</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,410,714	\$ 1,054,206
Accrued workers' compensation, current portion	86,850	
Accrued vacation costs, current portion	3,468,928	
Revenue bonds and notes payable, current portion	1,598,307	
Lease obligations, current portion	1,143,752	
Unearned revenues	<u>7,270,084</u>	<u>384,639</u>
Total current liabilities	<u>21,978,635</u>	<u>1,438,845</u>
Noncurrent liabilities		
Accrued workers' compensation	492,150	
Accrued vacation costs	2,349,602	
Endowments invested on behalf of primary government		1,524,479
Revenue bonds and notes payable	7,120,770	
Lease obligations	6,681,013	
Net pension liability	<u>32,958,861</u>	
Total noncurrent liabilities	<u>49,602,396</u>	<u>1,524,479</u>
Total liabilities	<u>71,581,031</u>	<u>2,963,324</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>20,170,077</u>	
NET POSITION		
Unrestricted	10,204,042	8,664,256
Net investment in capital assets	174,336,001	
Restricted:		
Expendable:		
Loans	373,264	
Net assets with donor restrictions		<u>80,225,354</u>
Total net position	<u>184,913,307</u>	<u>88,889,610</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 276,664,415</u>	<u>\$ 91,852,934</u>

UNIVERSITY OF BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 51,215,781	
Less: scholarship allowances	(16,635,507)	\$ 34,580,274
Federal grants and contracts		10,249,563
State and local grants and contracts		8,515,496
Nongovernmental grants and contracts		5,488,166
Sales and services of educational departments		315,034
Auxiliary enterprises:		
Parking facilities		653,777
Other auxiliary enterprises revenues		2,660,599
Other operating revenues		2,019,640
Total operating revenues		64,482,549
OPERATING EXPENSES		
Instruction		40,262,354
Research		7,775,588
Public service		10,309,313
Academic support		14,864,453
Student services		10,972,379
Institutional support		15,592,279
Operation and maintenance of plant		9,351,843
Scholarships and fellowships		3,749,981
Auxiliary enterprises:		
Parking facilities		223,051
Other auxiliary enterprises expenses		1,858,048
Total operating expenses		114,959,289
Operating loss		(50,476,740)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	45,265,584	
Pell grants	3,246,171	
Other nonoperating grants	6,022,199	
Gifts		\$ 5,580,421
Investment income	590,627	(6,440,126)
Interest on indebtedness	(151,935)	
Other revenues, (expenses), gains and (losses)	(80,428)	
Other affiliated foundation revenues		16,304
Other affiliated foundation expenses		(4,961,398)
Transfers from other University System of Maryland institutions	2,884,866	
Total nonoperating revenues (expenses)	57,777,084	(5,804,799)
Income (loss) before other revenues	7,300,344	(5,804,799)
OTHER REVENUES		
Capital gifts and grants	33,107	
Total other revenues	33,107	
Increase (decrease) in net position	7,333,451	(5,804,799)
Net position - beginning of year	177,579,856	94,694,409
Net position - end of year	\$ 184,913,307	\$ 88,889,610

**UNIVERSITY OF BALTIMORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees		\$ 34,507,906
Research contracts and grants		24,411,879
Payments to employees		(81,399,115)
Payments to suppliers and contractors		(25,345,994)
Collection of loans to students		618,223
Student direct lending payments		(37,297,436)
Student direct lending receipts		37,297,436
Auxiliary enterprises:		
Parking facilities		653,777
Other		2,787,621
Other receipts		<u>2,995,660</u>
Net cash provided (used) by operating activities		<u>(40,770,043)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		45,265,584
Pell grants		3,246,171
Other nonoperating grants		<u>6,022,199</u>
Net cash provided by noncapital financing activities		<u>54,533,954</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt		393,039
Capital grants and gifts received		33,107
Purchases of capital assets		(607,253)
Principal paid on debt and leases		(3,722,860)
Interest paid on debt and leases		(373,393)
Transfers from other University System of Maryland institutions		<u>1,868,231</u>
Net cash provided (used) by capital and related financing activities		<u>(2,409,129)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		<u>427,624</u>
Net cash provided by investing activities		<u>427,624</u>
Net increase in cash and cash equivalents		11,782,406
Cash and cash equivalents - beginning of year		<u>52,509,132</u>
Cash and cash equivalents - end of year		<u>\$ 64,291,538</u>

**SALISBURY UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 135,576,516	\$ 1,975,781
Accounts receivable, net	4,142,168	1,143,877
Notes receivable, current portion, net	33,860	
Inventories	1,105,787	
Prepaid expenses and other	49,146	64,255
Inter-institutional balances	(107,318)	
Total current assets	140,800,159	3,183,913
Noncurrent assets		
Accounts receivable, net		2,137,821
Endowment investments	4,380,378	89,065,037
Other investments		5,776,474
Notes receivable, net	140,018	
Other assets		2,118,125
Capital assets, net	438,908,975	139,229
Total noncurrent assets	443,429,371	99,236,686
Total assets	584,229,530	102,420,599
DEFERRED OUTFLOWS OF RESOURCES	14,806,670	
Total assets and deferred outflows of resources	\$ 599,036,200	\$ 102,420,599
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,120,035	\$ 21,154
Accrued workers' compensation, current portion	184,500	
Accrued vacation costs, current portion	2,928,562	
Revenue bonds and notes payable, current portion	6,435,178	1,752,486
Lease obligations, current portion	222,359	
Unearned revenues	5,845,455	225,612
Total current liabilities	28,736,089	1,999,252
Noncurrent liabilities		
Accrued workers' compensation	1,045,500	
Accrued vacation costs	3,396,068	
Endowments invested on behalf of primary government		4,380,378
Other payables		375,251
Revenue bonds and notes payable	65,254,373	
Lease obligations	1,073,963	
Net pension liability	37,853,356	
Total noncurrent liabilities	108,623,260	4,755,629
Total liabilities	137,359,349	6,754,881
DEFERRED INFLOWS OF RESOURCES	40,649,525	
NET POSITION		
Unrestricted	69,170,911	9,573,731
Net investment in capital assets	351,619,180	
Restricted:		
Expendable:		
Loans	237,235	
Net assets with donor restrictions		86,091,987
Total net position	421,027,326	95,665,718
Total liabilities, deferred inflows of resources and net position	\$ 599,036,200	\$ 102,420,599

SALISBURY UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 70,248,268	
Less: scholarship allowances	<u>(20,874,297)</u>	\$ 49,373,971
Federal grants and contracts		2,576,473
State and local grants and contracts		4,515,741
Nongovernmental grants and contracts		413,167
Sales and services of educational departments		196,137
Auxiliary enterprises:		
Residential facilities	25,506,415	
Less: scholarship allowances	<u>(1,000,413)</u>	24,506,002
Dining facilities	12,064,707	
Less: scholarship allowances	<u>(9,295)</u>	12,055,412
Intercollegiate athletics		5,664,116
Bookstore		3,561,448
Parking facilities		734,377
Other auxiliary enterprises revenues	1,890,403	
Less: scholarship allowances	<u>(11,731)</u>	1,878,672
Total operating revenues		<u>105,475,516</u>
OPERATING EXPENSES		
Instruction		64,558,221
Research		1,605,667
Public service		8,379,408
Academic support		19,805,771
Student services		10,476,144
Institutional support		20,474,236
Operation and maintenance of plant		25,493,163
Scholarships and fellowships		8,083,232
Auxiliary enterprises:		
Residential facilities		14,223,989
Dining facilities		11,990,748
Intercollegiate athletics		6,916,321
Bookstore		3,536,951
Parking facilities		719,125
Other auxiliary enterprises expenses		<u>1,325,073</u>
Total operating expenses		<u>197,588,049</u>
Operating loss		<u>(92,112,533)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		63,903,645
Pell grants		7,467,079
Other nonoperating grants		16,793,744
Gifts		\$ 6,034,565
Investment income	754,718	(13,062,626)
Less: investment expense	<u>(10,733)</u>	743,985
Interest on indebtedness		(1,865,873)
Other revenues, (expenses), gains and (losses)		(308,445)
Other affiliated foundation revenues		637,457
Other affiliated foundation expenses		(4,872,048)
Transfers from other University System of Maryland institutions		<u>2,666,742</u>
Total nonoperating revenues (expenses)		<u>89,400,877</u> (11,262,652)
Income (loss) before other revenues		<u>(2,711,656)</u> (11,262,652)
OTHER REVENUES		
Capital appropriations		777,582
Capital gifts and grants		<u>346,052</u>
Total other revenues		<u>1,123,634</u>
Decrease in net position		(1,588,022) (11,262,652)
Net position - beginning of year		<u>422,615,348</u> 106,928,370
Net position - end of year		<u>\$ 421,027,326</u> \$ 95,665,718

**SALISBURY UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees		\$ 48,504,373
Research contracts and grants		8,603,786
Payments to employees		(128,663,531)
Payments to suppliers and contractors		(46,891,243)
Collection of loans to students		80,042
Student direct lending payments		(37,268,302)
Student direct lending receipts		37,268,302
Auxiliary enterprises:		
Residential facilities		22,732,909
Dining facilities		11,959,594
Intercollegiate athletics		5,661,857
Bookstores		3,561,448
Parking facilities		734,377
Other		1,867,969
Other receipts (payments)		<u>(7,722)</u>
Net cash provided (used) by operating activities		<u>(71,856,141)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		63,903,645
Pell grants		7,467,079
Other nonoperating grants		<u>16,793,744</u>
Net cash provided by noncapital financing activities		<u>88,164,468</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt		3,871,360
Capital appropriations		777,582
Proceeds from sales of capital assets		422,093
Purchases of capital assets		(8,117,670)
Principal paid on debt and leases		(9,783,103)
Interest paid on debt and leases		(3,058,156)
Transfers from other University System of Maryland institutions		<u>4,956,111</u>
Net cash provided (used) by capital and related financing activities		<u>(10,931,783)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		69,032
Interest on investments		662,693
Investment expense		<u>(10,733)</u>
Net cash provided by investing activities		<u>720,992</u>
Net increase in cash and cash equivalents		6,097,536
Cash and cash equivalents - beginning of year		<u>129,478,980</u>
Cash and cash equivalents - end of year		<u><u>\$ 135,576,516</u></u>

UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 325,639,586	
Accounts receivable, net	57,853,215	\$ 55,275
Inventories	22,776	
Prepaid expenses and other	10,780,176	750
Inter-institutional balances	237,304	
Total current assets	<u>394,533,057</u>	<u>56,025</u>
Noncurrent assets		
Accounts receivable, net		502,387
Endowment investments	12,452,805	42,019,650
Other investments	18,146,892	15,142,386
Capital assets, net	106,734,129	9,330,702
Total noncurrent assets	<u>137,333,826</u>	<u>66,995,125</u>
Total assets	531,866,883	67,051,150
DEFERRED OUTFLOWS OF RESOURCES		
	<u>11,110,296</u>	
Total assets and deferred outflows of resources	<u>\$ 542,977,179</u>	<u>\$ 67,051,150</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,531,530	\$ 120
Accrued workers' compensation, current portion	158,550	
Accrued vacation costs, current portion	11,111,022	
Lease obligations, current portion	581,561	
Unearned revenues	45,423,022	
Total current liabilities	<u>86,805,685</u>	<u>120</u>
Noncurrent liabilities		
Accrued workers' compensation	898,450	
Accrued vacation costs	8,411,238	
Endowments invested on behalf of primary government		12,452,805
Lease obligations	987,986	
Net pension liability	33,072,767	
Total noncurrent liabilities	<u>43,370,441</u>	<u>12,452,805</u>
Total liabilities	<u>130,176,126</u>	<u>12,452,925</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>19,587,272</u>	
NET POSITION		
Unrestricted	287,986,982	11,864,314
Net investment in capital assets	105,164,582	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	29,423	
Expendable:		
Scholarships and fellowships	29,173	
Research	3,621	
Loans		
Net assets with donor restrictions		<u>42,733,911</u>
Total net position	<u>393,213,781</u>	<u>54,598,225</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 542,977,179</u>	<u>\$ 67,051,150</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 339,750,467	
Less: scholarship allowances	(53,620,861)	\$ 286,129,606
Federal grants and contracts		2,154,268
State and local grants and contracts		4,353,737
Nongovernmental grants and contracts		2,547,041
Sales and services of educational departments		394,370
Auxiliary enterprises:		
Bookstore		360
Parking facilities		220
Other operating revenues		12,955,495
Total operating revenues		308,535,097
OPERATING EXPENSES		
Instruction		98,861,522
Public service		12,274,505
Academic support		72,903,673
Student services		145,630,384
Institutional support		67,051,766
Operation and maintenance of plant		16,885,961
Scholarships and fellowships		44,264,739
Auxiliary enterprises:		
Other auxiliary enterprises expenses		3,281
Total operating expenses		457,875,831
Operating loss		(149,340,734)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		45,611,682
Pell grants		51,878,217
Other nonoperating grants		28,278,233
Gifts		\$ 1,302,785
Investment income	(1,206,477)	859,182
Less: investment expense	(31,978)	(1,238,455)
Interest on indebtedness		(56,466)
Other revenues, (expenses), gains and (losses)		(229,796)
Other affiliated foundation revenues		11,116
Other affiliated foundation expenses		(2,138,234)
Transfers (to) other University System of Maryland institutions		(389,517)
Total nonoperating revenues		34,849
Increase (decrease) in net position		34,849
Net position - beginning of year		54,563,376
Net position - end of year	\$ 393,213,781	\$ 54,598,225

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 267,764,149
Research contracts and grants	8,156,411
Payments to employees	(268,287,474)
Payments to suppliers and contractors	(173,028,279)
Student direct lending payments	(147,192,248)
Student direct lending receipts	147,192,248
Auxiliary enterprises:	
Bookstores	360
Parking facilities	220
Other receipts (payments)	<u>13,023,751</u>
Net cash provided (used) by operating activities	<u>(152,370,862)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	45,611,682
Pell grants	51,878,217
Other nonoperating grants	<u>28,278,233</u>
Net cash provided by noncapital financing activities	<u>125,768,132</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sales of capital assets	214,912
Purchases of capital assets	(294,445)
Principal paid on debt and leases	(579,293)
Interest paid on debt and leases	(56,466)
Transfers (to) other University System of Maryland institutions	<u>(585,890)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,301,182)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	938,818
Interest on investments	1,037,237
Investment expense	<u>(31,978)</u>
Net cash provided by investing activities	<u>1,944,077</u>
Net decrease in cash and cash equivalents	(25,959,835)
Cash and cash equivalents - beginning of year	<u>351,599,421</u>
Cash and cash equivalents - end of year	<u>\$ 325,639,586</u>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 211,137,243	\$ 3,301,581
Accounts receivable, net	22,125,831	9,344,002
Leases receivable, current portion, net	1,820,023	
Notes receivable, current portion, net	308,381	
Inventories	471,843	
Prepaid expenses and other	190,063	127,599
Inter-institutional balances	792,546	
Total current assets	236,845,930	12,773,182
Noncurrent assets		
Restricted cash and cash equivalents		9,379,524
Accounts receivable, net		135,566,589
Endowment investments	11,186,559	39,666,258
Other investments	275,000	
Leases receivable, net	1,668,172	
Notes receivable, net	902,890	
Capital assets, net	660,546,727	2,447,694
Total noncurrent assets	674,579,348	187,060,065
Total assets	911,425,278	199,833,247
DEFERRED OUTFLOWS OF RESOURCES		
	38,190,551	
Total assets and deferred outflows of resources	\$ 949,615,829	\$ 199,833,247
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,432,859	\$ 48,547
Accrued workers' compensation, current portion	190,650	
Accrued vacation costs, current portion	11,934,418	
Revenue bonds and notes payable, current portion	9,638,907	
Lease obligations, current portion	612,869	
Unearned revenues	16,938,695	4,896,955
Total current liabilities	68,748,398	4,945,502
Noncurrent liabilities		
Accrued workers' compensation	1,080,350	
Accrued vacation costs	5,061,409	
Endowments invested on behalf of primary government		11,186,559
Revenue bonds and notes payable	140,967,393	
Lease obligations	4,878,491	
Net pension liability	96,980,720	
Total noncurrent liabilities	248,968,363	11,186,559
Total liabilities	317,716,761	16,132,061
DEFERRED INFLOWS OF RESOURCES		
	82,151,157	
NET POSITION		
Unrestricted	66,879,233	24,282,596
Net investment in capital assets	481,526,931	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	130,474	
Expendable:		
Loans	1,211,273	
Net assets with donor restrictions	159,418,590	159,418,590
Total net position	549,747,911	183,701,186
Total liabilities, deferred inflows of resources and net position	\$ 949,615,829	\$ 199,833,247

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 145,360,676	
Less: scholarship allowances	<u>(27,467,516)</u>	\$ 117,893,160
Federal grants and contracts		45,201,203
State and local grants and contracts		40,231,497
Nongovernmental grants and contracts		21,031,686
Sales and services of educational departments		2,431,268
Auxiliary enterprises:		
Residential facilities	25,567,301	
Less: scholarship allowances	<u>(4,248,798)</u>	21,318,503
Dining facilities	13,750,730	
Less: scholarship allowances	<u>(2,843,846)</u>	10,906,884
Intercollegiate athletics		12,809,467
Bookstore	2,681,853	
Less: scholarship allowances	<u>(3,254)</u>	2,678,599
Parking facilities		1,637,044
Other auxiliary enterprises revenues		22,190,409
Other operating revenues		<u>15,868,528</u>
Total operating revenues		<u>314,218,248</u>
OPERATING EXPENSES		
Instruction		146,133,205
Research		72,891,706
Public service		23,844,880
Academic support		29,828,229
Student services		24,860,938
Institutional support		49,153,495
Operation and maintenance of plant		40,046,345
Scholarships and fellowships		40,787,639
Auxiliary enterprises:		
Residential facilities		24,464,501
Dining facilities		11,181,954
Intercollegiate athletics		11,344,914
Bookstore		3,388,483
Parking facilities		1,185,323
Other auxiliary enterprises expenses		<u>17,590,480</u>
Total operating expenses		<u>496,702,092</u>
Operating loss		<u>(182,483,844)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		160,916,933
Pell grants		16,878,346
Other nonoperating grants		26,959,661
Gifts		1,526
Investment income	1,510,333	\$ 33,490,787
Less: investment expense	<u>(31,299)</u>	(997,055)
Interest on indebtedness		1,479,034
Other revenues, (expenses), gains and (losses)		(4,796,537)
Other affiliated foundation revenues		(482,088)
Other affiliated foundation expenses		1,725,141
Transfers from other University System of Maryland institutions		<u>(10,585,551)</u>
Total nonoperating revenues		<u>205,811,320</u>
Income (loss) before other revenues		<u>23,327,476</u>
OTHER REVENUES		
Capital appropriations		<u>14,140,620</u>
Total other revenues		<u>14,140,620</u>
Increase in net position		37,468,096
Net position - beginning of year		<u>160,067,864</u>
Net position - end of year		<u>\$ 549,747,911</u>
		<u>\$ 183,701,186</u>

**UNIVERSITY MARYLAND, BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 117,766,979
Research contracts and grants	107,519,756
Payments to employees	(294,532,794)
Payments to suppliers and contractors	(158,117,664)
Loans issued to students	(122,898)
Collection of loans to students	76,225
Student direct lending payments	(38,312,890)
Student direct lending receipts	38,312,890
Auxiliary enterprises:	
Residential facilities	19,319,291
Dining facilities	10,803,525
Intercollegiate athletics	12,688,078
Bookstores	2,653,216
Parking facilities	1,621,531
Other	21,980,120
Other receipts	<u>19,466,047</u>
Net cash provided (used) by operating activities	<u>(138,878,588)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	160,916,933
Pell grants	16,878,346
Other nonoperating grants	<u>26,959,661</u>
Net cash provided by noncapital financing activities	<u>204,754,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of capital debt	3,459,333
Capital appropriations	14,140,620
Purchases of capital assets	(26,059,620)
Principal paid on debt and leases	(13,254,363)
Interest paid on debt and leases	(6,176,564)
Transfers from other University System of Maryland institutions	<u>9,662,633</u>
Net cash provided (used) by capital and related financing activities	<u>(18,227,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	396,787
Interest on investments	157,073
Investment expense	<u>(31,299)</u>
Net cash provided by investing activities	<u>522,561</u>
Net increase in cash and cash equivalents	48,170,952
Cash and cash equivalents - beginning of year	<u>162,966,291</u>
Cash and cash equivalents - end of year	<u><u>\$ 211,137,243</u></u>

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 24,032,111	
Accounts receivable, net	5,214,665	\$ 3,308
Inter-institutional balances	359,213	
Total current assets	<u>29,605,989</u>	<u>3,308</u>
Noncurrent assets		
Endowment investments	478,063	3,906,285
Other investments	50,000	4,157,271
Capital assets, net	66,780,970	2,049
Total noncurrent assets	<u>67,309,033</u>	<u>8,065,605</u>
Total assets	<u>96,915,022</u>	<u>8,068,913</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>3,859,464</u>	
Total assets and deferred outflows of resources	<u>\$ 100,774,486</u>	<u>\$ 8,068,913</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,221,046	
Accrued workers' compensation, current portion	5,550	
Accrued vacation costs, current portion	2,053,804	
Revenue bonds and notes payable, current portion	583,260	
Unearned revenues	991,424	
Total current liabilities	<u>5,855,084</u>	
Noncurrent liabilities		
Accrued workers' compensation	31,450	
Accrued vacation costs	2,226,467	
Endowments invested on behalf of primary government		\$ 478,063
Revenue bonds and notes payable	4,589,316	
Net pension liability	8,442,672	
Total noncurrent liabilities	<u>15,289,905</u>	<u>478,063</u>
Total liabilities	<u>21,144,989</u>	<u>478,063</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>5,169,163</u>	
NET POSITION		
Unrestricted	12,826,772	901,049
Net investment in capital assets	61,633,562	
Restricted:		
Expendable:		
Net assets with donor restrictions		6,689,801
Total net position	<u>74,460,334</u>	<u>7,590,850</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 100,774,486</u>	<u>\$ 8,068,913</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Federal grants and contracts	\$ 13,463,390	
State and local grants and contracts	3,421,205	
Nongovernmental grants and contracts	4,571,024	
Sales and services of educational departments	<u>3,510,539</u>	
Total operating revenues	<u>24,966,158</u>	
OPERATING EXPENSES		
Research	50,811,479	
Operation and maintenance of plant	<u>442,775</u>	
Total operating expenses	<u>51,254,254</u>	
Operating loss	<u>(26,288,096)</u>	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	22,824,297	
Gifts	\$ 1,484,178	
Investment income	121,215	51,588
Interest on indebtedness	(128,741)	
Other affiliated foundation revenues		499
Other affiliated foundation expenses		(1,218,796)
Transfers from other University System of Maryland institutions	<u>719,610</u>	
Total nonoperating revenues	<u>23,536,381</u>	<u>317,469</u>
Income (loss) before other revenues	<u>(2,751,715)</u>	<u>317,469</u>
OTHER REVENUES		
Capital appropriations	<u>203,361</u>	
Total other revenues	<u>203,361</u>	
Increase (decrease) in net position	<u>(2,548,354)</u>	<u>317,469</u>
Net position - beginning of year	<u>77,008,688</u>	<u>7,273,381</u>
Net position - end of year	<u>\$ 74,460,334</u>	<u>\$ 7,590,850</u>

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**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES		
Research contracts and grants		\$ 20,516,740
Payments to employees		(31,588,794)
Payments to suppliers and contractors		(14,170,012)
Other receipts		<u>3,560,539</u>
Net cash provided (used) by operating activities		<u>(21,681,527)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		<u>22,824,297</u>
Net cash provided by noncapital financing activities		<u>22,824,297</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt		252,119
Capital appropriations		203,361
Purchases of capital assets		(313,745)
Principal paid on debt and leases		(873,582)
Interest paid on debt and leases		(200,634)
Transfers from other University System of Maryland institutions		<u>641,132</u>
Net cash provided (used) by capital and related financing activities		<u>(291,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		44,276
Interest on investments		<u>128,718</u>
Net cash provided by investing activities		<u>172,994</u>
Net increase in cash and cash equivalents		1,024,415
Cash and cash equivalents - beginning of year		<u>23,007,696</u>
Cash and cash equivalents - end of year		<u>\$ 24,032,111</u>

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UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 406,331,476	\$ 112,000
Accounts receivable, net	1,581,174	684,070
Prepaid expenses and other		127,702
Inter-institutional balances	<u>(153,789,188)</u>	
Total current assets	254,123,462	923,772
Noncurrent assets		
Restricted cash and cash equivalents	88,078,178	
Accounts receivable, net		226,844
Endowment investments	29,526,482	21,882,122
Other investments	4,341,251	150,126,703
Other assets		472,000
Capital assets, net	<u>320,020,407</u>	<u>2,615,287</u>
Total noncurrent assets	441,966,318	175,322,956
Total assets	696,089,780	176,246,728
DEFERRED OUTFLOWS OF RESOURCES		
	<u>9,524,553</u>	
Total assets and deferred outflows of resources	\$ 705,614,333	\$ 176,246,728
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 16,960,387	\$ 3,747,149
Accrued workers' compensation, current portion	7,050	
Accrued vacation costs, current portion	827,698	
Revenue bonds and notes payable, current portion	5,243,765	
Lease obligations, current portion	318,857	
Unearned revenues	<u>249,700</u>	<u>1,747,000</u>
Total current liabilities	23,607,457	5,494,149
Noncurrent liabilities		
Accrued workers' compensation	39,950	
Accrued vacation costs	1,228,206	
Endowments invested on behalf of primary government		29,526,481
Other payables		98,789,436
Revenue bonds and notes payable	89,837,002	
Lease obligations	5,494,805	
Net pension liability	<u>7,193,450</u>	
Total noncurrent liabilities	103,793,413	128,315,917
Total liabilities	127,400,870	133,810,066
DEFERRED INFLOWS OF RESOURCES		
	<u>13,388,034</u>	
NET POSITION		
Unrestricted	256,485,397	5,691,339
Net investment in capital assets	302,887,819	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	347,604	
Other	471,330	
Expendable:		
Capital projects	4,633,279	
Net assets with donor restrictions		<u>36,745,323</u>
Total net position	564,825,429	42,436,662
Total liabilities, deferred inflows of resources and net position	\$ 705,614,333	\$ 176,246,728

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Federal grants and contracts	\$ 310,306	
Other operating revenues	<u>2,766,123</u>	
Total operating revenues	<u>3,076,429</u>	
OPERATING EXPENSES		
Academic support	13,525,397	
Institutional support	<u>28,081,328</u>	
Total operating expenses	<u>41,606,725</u>	
Operating loss	<u>(38,530,296)</u>	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	42,506,005	
Gifts		\$ 1,686,088
Investment income	\$ 2,476,028	(1,704,190)
Less: investment expense	<u>(68,111)</u>	
Interest on indebtedness	2,407,917	
Other revenues, (expenses), gains and (losses)	<u>(3,022,346)</u>	
Other affiliated foundation revenues	(238,837)	5,930,153
Other affiliated foundation expenses		<u>(7,126,642)</u>
Transfers to other University System of Maryland institutions	<u>(81,126,775)</u>	
Total nonoperating revenues (expenses)	<u>(39,474,036)</u>	<u>(1,214,591)</u>
Loss before other revenues	<u>(78,004,332)</u>	<u>(1,214,591)</u>
OTHER REVENUES		
Capital appropriations	19,248,684	
Total other revenues	<u>19,248,684</u>	
Decrease in net position	<u>(58,755,648)</u>	<u>(1,214,591)</u>
Net position - beginning of year	<u>623,581,077</u>	<u>43,651,253</u>
Net position - end of year	<u>\$ 564,825,429</u>	<u>\$ 42,436,662</u>

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**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Research contracts and grants	\$ 391,618
Payments to employees	(16,816,224)
Payments to suppliers and contractors	(10,038,678)
Other receipts (payments)	<u>3,946,175</u>
Net cash provided (used) by operating activities	<u>(22,517,109)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	<u>42,506,005</u>
Net cash provided by noncapital financing activities	<u>42,506,005</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of capital debt	72,964,545
Capital appropriations	19,248,684
Purchases of capital assets	(23,310,671)
Principal paid on debt and leases	(6,567,125)
Interest paid on debt and leases	(4,958,714)
Transfers from other University System of Maryland institutions	<u>17,338,390</u>
Net cash provided by capital and related financing activities	<u>74,715,109</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	631,630
Interest on investments	1,640,220
Investment expense	(68,111)
Purchases of investments	<u>(1,160,000)</u>
Net cash provided (used) by investing activities	<u>1,043,739</u>
Net increase in cash and cash equivalents	95,747,744
Cash and cash equivalents - beginning of year	<u>398,661,910</u>
Cash and cash equivalents - end of year	<u>\$ 494,409,654</u>

UNIVERSITY SYSTEM OF MARYLAND
 COMBINING STATEMENT OF FINANCIAL POSITION, NONMAJOR COMPONENT UNITS
 JUNE 30, 2022

	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	University of Maryland County Research Park, Inc.	Total Nonmajor Component Units
ASSETS								
Current Assets								
Cash	\$ 4,659,722	\$ 11,136,043	\$ 420,056	\$ 4,257,268	\$ 16,847,625	\$ 1,975,781	\$ 3,301,581	\$ 42,598,076
Accounts receivable, net	697,758	103,539	381,010	1,287,002	1,143,877	102,950	102,950	3,716,136
Other assets	301,372	301,372	13,725	5,831	64,255	109,551	109,551	494,734
Total current assets	5,357,480	11,540,954	814,791	5,550,101	16,847,625	3,183,913	3,514,082	46,808,946
Investments								
Endowment investments	38,477,302	85,649,798	33,007,310	11,741,911	66,918,820	89,065,037	9,487,233	324,860,178
Other investments			6,222,274			1,396,096		17,105,603
Total investments	38,477,302	85,649,798	39,229,584	11,741,911	66,918,820	90,461,133	9,487,233	341,965,781
Noncurrent assets								
Accounts receivable, net	2,018,451	6,080,553	685,369		5,837,351	2,137,821		16,799,545
Capital assets, net		3,703	8,550	206,500	724,659	139,229	2,390,670	3,473,311
Other assets			17,089			2,118,125		2,535,214
Total noncurrent assets	2,018,451	6,084,256	1,111,008	206,500	6,562,010	4,395,175	2,390,670	22,768,070
Total assets	\$ 45,853,233	\$ 103,275,008	\$ 41,155,383	\$ 17,498,512	\$ 90,328,455	\$ 98,040,221	\$ 15,391,985	\$ 411,542,797
LIABILITIES								
Current liabilities								
Accounts payable & accrued expenses	\$ 1,099,722	\$ 1,275,511	\$ 25,710	\$ 64,351	\$ 1,054,206	\$ 21,154	\$ 51,055	\$ 3,591,709
Long-term debt, current			8,550			1,752,486		1,752,486
Unearned revenues			3,160		384,639	225,612	4,896,955	5,510,366
Total current liabilities	1,099,722	1,275,511	28,870	64,351	1,438,845	1,999,252	4,948,010	10,854,561
Noncurrent liabilities								
Other payables			17,324	7,424		375,251		399,999
Total noncurrent liabilities			17,324	7,424		375,251		399,999
Total liabilities	1,099,722	1,275,511	46,194	71,775	1,438,845	2,374,503	4,948,010	11,254,560
NET ASSETS								
Without donor restrictions	24,893,469	3,255,255	3,017,361	571,550	8,664,256	9,573,731	10,443,975	60,419,597
With donor restrictions	19,860,042	98,744,242	38,091,828	16,855,187	80,225,354	86,091,987		339,868,640
Total net assets	44,753,511	101,999,497	41,109,189	17,426,737	88,889,610	95,665,718	10,443,975	400,288,237
Total liabilities and net assets	\$ 45,853,233	\$ 103,275,008	\$ 41,155,383	\$ 17,498,512	\$ 90,328,455	\$ 98,040,221	\$ 15,391,985	\$ 411,542,797

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UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2022

	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
Revenues								
Contributions & grants		\$ 240,804	\$ 138,248	\$ 107,216	\$ 141,297	\$ 456,857	\$ 285,908	\$ 1,370,330
Investment income	\$ 358,967	(1,103,402)	(111,276)	3,357	(520,435)	(1,080,136)	(1,153,324)	(3,606,249)
Other income		3,245	36,043	795	3,918	575,522	1,645,373	2,264,896
Assets released from restrictions	1,144,782	9,676,433	2,322,660	1,166,300	5,432,926	1,163,970		20,907,071
Total revenues	1,503,749	8,817,080	2,385,675	1,277,668	5,057,706	1,116,213	777,957	20,936,048
Expenses								
Program	1,988,100	8,965,732	2,140,567	1,024,778	4,013,113	3,916,407	598,486	22,647,183
General & administrative	326,025	707,374	351,782	173,308	603,612	298,032	215,580	2,675,713
Fundraising	101,991	488,504		22,656	344,673	657,609		1,615,433
Other expense							1,223,856	1,223,856
Total expenses	2,416,116	10,161,610	2,492,349	1,220,742	4,961,398	4,872,048	2,037,922	28,162,185
Change in net assets without donor restrictions	(912,367)	(1,344,530)	(106,674)	56,926	96,308	(3,755,835)	(1,259,965)	(7,226,137)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS								
Contributions & grants	5,937,423	8,566,754	4,060,836	3,074,318	5,439,124	5,577,708		32,656,163
Investment income	61,877	(8,073,596)	429,520	181,088	(5,919,691)	(11,982,490)		(25,303,292)
Other income	63,338	3,220,117	343,679	(257,500)	12,386	61,935		3,443,955
Assets released from restrictions	(1,144,782)	(9,676,433)	(2,322,660)	(1,166,300)	(5,432,926)	(1,163,970)		(20,907,071)
Change in net assets with donor restrictions	4,917,856	(5,963,158)	2,511,375	1,831,606	(5,901,107)	(7,506,817)		(10,110,245)
Total change in net assets	4,005,489	(7,307,688)	2,404,701	1,888,532	(5,804,799)	(11,262,652)	(1,259,965)	(17,336,382)
Net assets - beginning of year	40,748,022	109,307,185	38,704,488	15,538,205	94,694,409	106,928,370	11,703,940	417,624,619
Net assets - end of year	\$ 44,753,511	\$ 101,999,497	\$ 41,109,189	\$ 17,426,737	\$ 88,889,610	\$ 95,665,718	\$ 10,443,975	\$ 400,288,237

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2022

ACCOUNTING AND REPORTING PRACTICES

Supplementary data reporting units

University System of Maryland Office (System Office), composed of the offices of the Chancellor and Vice Chancellors and their respective staffs, provides central executive and administrative services and supports and coordinates the efforts of the entire System. The expenses incurred in connection with these activities are reported on the financial records of the System Office.

Facilities maintenance expenses

Certain expenses for facilities management for the System Office and the University of Maryland Global Campus are included in the financial records of University of Maryland, College Park.

System-wide financing arrangements

The System constructs, acquires, and renovates plant facilities using the proceeds of Revenue Bonds and other financing arrangements. The proceeds of System-wide financing arrangements are used in accordance with Board authorizations, which specify the projects for which the funds are to be used. Unexpended proceeds and a proportionate share of the outstanding debt obligation are reported on the financial records of the System Office.

Institutions are obligated to provide a proportionate share of the principal and interest payments attributable to auxiliary enterprises projects financed using the proceeds of System-wide financing arrangements. Currently, each instructional institution, with the exception of the University of Maryland Global Campus, provides a portion of the debt service attributable to academic facilities. To the extent that an instructional institution provides (or receives) resources for debt service for academic facilities (and the proportionate share of the outstanding debt obligation) recorded on another System institution or unit, such amounts are reported as a Transfer To / (From) Other University System of Maryland Institutions on the Statement of Revenues, Expenses, and Changes in Net Position.

Component Unit information included in Supplementary Information Institutional Financial Statements

The System provides supplementary information financial statements for each System institution that reflect the financial information for each System institution, along with financial information reported by component units that have received assets for the benefit of the institution.

All but one affiliated foundation reported as component units perform fundraising for the benefit of a single, unique System institution. The University System of Maryland Foundation, Inc. (USMF), which performs investment management activities on behalf of the System, as well as other affiliated foundations reported as component units, is the lone affiliated foundation that holds assets received for the benefit of multiple System institutions.

The component unit information reported in supplementary information financial statements for System institutions is made up of the financial statement information from institution-specific affiliated foundations recognized as component units, and an allocation of financial statement balances and activity for the USMF. The allocation of balances and activity of the USMF is based on the proportionate amounts of assets held by the USMF for the benefit of each System institution.

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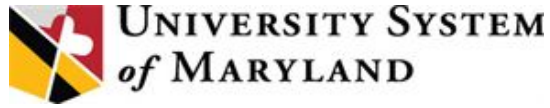
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**University System of Maryland
Financial Snapshot
June 30, 2022 and 2021**

Attachment C

	<u>ProForma June 30, 2022</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
From the June 30, 2022 and 2021 financial statements				
USM unrestricted net position	\$ 1,285,983,924	\$ 1,285,983,924	\$ 1,187,863,054	B
Net pension liability and deferred balances	1,143,525,790	1,143,525,790	1,100,211,496	F
USM accrued leave	311,886,310	311,886,310	305,786,412	H
Affiliated foundations unrestricted net assets	204,924,458	204,924,458	203,823,948	
Available funds	<u>\$ 2,946,320,482</u>	<u>\$ 2,946,320,482</u>	<u>\$ 2,797,684,910</u>	
Debt outstanding	\$ 1,452,924,139	\$ 1,452,924,139	\$ 1,357,226,192	D,I
Ratio of available resources to debt outstanding per financial statements	203%	203%	206%	
Claims against the June 30 available resources not reflected in financial statements:				
Available funds per financial statements	\$ 2,946,320,482	\$ 2,946,320,482	\$ 2,797,684,910	
Cash-funded capital projects not fully spent at June 30,	(186,852,870)	(186,852,870)	(215,994,358)	
Future years cash-funded capital projects committed but not yet authorized	(255,578,000)	(255,578,000)	(275,836,258)	
Noncapital cash-funded projects not yet authorized	(68,486,443)	(68,486,443)	(88,618,761)	
Adjusted available funds	<u>\$ 2,435,403,170</u>	<u>\$ 2,435,403,170</u>	<u>\$ 2,217,235,533</u>	
Debt outstanding per financial statements	\$ 1,452,924,139	\$ 1,452,924,139	\$ 1,357,226,192	
Revenue bond-funded projects authorized but debt not yet issued	184,888,969	184,888,969	276,532,257	
Deferred service obligations (Student Housing P3s)	266,747,515	-	-	
Future obligations pending approval (Future P3 and lease obligations)	375,000,000	375,000,000	-	
Adjusted total debt outstanding	<u>\$ 2,279,560,623</u>	<u>\$ 2,012,813,108</u>	<u>\$ 1,633,758,449</u>	
Ratio of available resources to debt outstanding, adjusted	107%	121%	136%	

While rating agencies base their assessments based on financial statement balances, the System manages the ratio of available funds to debt outstanding to not fall below 1:1 ratio to ensure that financial health does not fall below medians for Aa1 rating category.



University System of Maryland Financial Dashboard Indicators - for the year ended and as of June 30, 2022

Is performance **ADEQUATE** on the Dashboard Indicators

● Meets or exceeds benchmark

● Does not meet benchmark

	#	Indicator	System Wide Changes	System Wide												
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	
Financial Strength indicators	60	Ratio of unrestricted net position to debt (>50%)	169.8%	●	●	●	●	●	●	●	●	●	●	●	●	●
	61	Primary reserve ratio (>25%)	44.5%	●	●	●	●	●	●	●	●	●	●	●	●	●
	62	Ratio of current assets to current liabilities (>200%)	314.4%	●	●	●	●	●	●	●	●	●	●	●	●	●
Operational performance indicators	63	Student accounts receivable collection rate (<1%)	0.6%	●	●	●	●	●	●	●	●	●	●	●	●	●
	64	Net operating revenues ratio (>1%)	2.3%	●	●	●	●	●	●	●	●	●	●	●	●	●
	65	Ratio of debt service payments to operating spending (<4.5%)	2.4%	●	●	●	●	●	●	●	●	●	●	●	●	●
	66	Met fund balance goal for FY 2022		●	●	●	●	●	●	●	●	●	●	●	●	●
	FY22 Meets benchmark		7	7	6	5	2	6	3	7	6	6	6	6	6	
	FY22 Does not meet benchmark		0	0	1	2	5	1	4	0	1	1	1	1	1	
	FY21 Meets benchmark		7	7	6	5	3	6	5	7	6	6	6	7	7	
	FY21 Does not meet benchmark		0	0	1	2	4	1	2	0	1	1	1	0	0	

Is performance **IMPROVING** on the Dashboard Indicators

As compared to PY, ratio: ↑ Improved

↔ Maintained

↓ Worsened

	#	Indicator	System Wide Changes	System Wide												
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	
Financial Strength indicators	60	Ratio of unrestricted net position to debt	-1.9%	↓	↑	↑	↑	↑	↑	↑	↓	↓	↑	N/A	↑	↑
	61	Primary reserve ratio	-39.9%	↑	↑	↓	↓	↑	↑	↓	↑	↓	↓	↑	↑	↑
	62	Ratio of current assets to current liabilities	-22.8%	↓	↑	↓	↓	↑	↓	↓	↑	↓	↓	↑	↓	↓
Operational performance indicators	63	Student accounts receivable collection rate	-0.1%	↔	↑	↓	↑	↑	↑	↑	↑	↓	↑	↑	↑	N/A
	64	Net operating revenues ratio	1.3%	↓	↑	↑	↑	↓	↓	↑	↑	↓	↓	↑	↓	↓
	65	Ratio of debt service payments to operating spending	0.2%	↓	↑	↔	↑	↑	↑	↑	↓	↑	↔	↑	↓	↓
Enrollment Performance Indicators	67	Net tuition per FTE	0.8%	↑	↑	↑	↓	↑	↑	↓	↓	↓	↓	↑	N/A	
	68	Net tuition dependency ratio	-0.2%	↑	↑	↑	↑	↓	↑	↓	↑	↑	↑	↑	↑	N/A
	FY22 Has improved or maintained		4	8	5	5	6	6	3	5	3	4	8	2	2	
	FY22 Has not improved		4	0	3	3	2	2	5	3	5	4	0	3	3	
	Overall trend since PY		↔	↑	↑	↑	↑	↑	↓	↑	↓	↔	↑	↓	↓	
	FY21 Has improved or maintained		6	3	4	2	6	6	8	7	7	6	0	4	4	
	FY21 Has not improved		2	5	4	6	2	2	0	1	1	1	8	1	1	

**University System of Maryland
Financial Performance Dashboard Indicators
Year ended June 30, 2022**

(% indicates change from prior year)

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	Total USM
<u>Financial strength indicators</u>													
Ratio of unrestricted net position to debt	-14.21%	5.09%	25.14%	0.68%	8.08%	6.84%	-5.39%	-33.91%	14.00%	N/A	25.88%	61.72%	-1.86%
Primary reserve ratio	1.73%	2.84%	-5.14%	-3.33%	0.21%	3.69%	-4.67%	10.41%	-2.58%	-4.72%	4.96%	1.75%	-39.91%
Ratio of current assets to current liabilities	-16.25%	16.88%	-45.05%	-20.26%	4.65%	-71.86%	-82.71%	55.41%	-46.34%	-27.36%	37.88%	-89.49%	-22.79%
<u>Operational performance indicators</u>													
Student accounts receivable collection rate	0.00%	-0.02%	0.01%	-0.01%	-0.96%	-0.06%	-0.27%	-0.13%	0.04%	-0.30%	0.00%	N/A	-0.09%
Net operating revenues ratio	-0.60%	4.48%	8.20%	19.07%	-2.58%	-5.57%	-35.41%	6.87%	-2.36%	-6.42%	15.50%	-4.49%	1.32%
Ratio of debt service payments to operating spending	0.37%	-0.01%	0.00%	-0.55%	-0.80%	-0.10%	-0.52%	2.14%	-0.20%	0.00%	-0.04%	0.31%	0.21%
Met fund balance goal for FY 2022	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	N/A
<u>Enrollment performance indicators</u>													
Net tuition per FTE	2.4%	5.6%	6.2%	-5.0%	15.7%	2.0%	-2.2%	-6.7%	-4.8%	-7.3%	8.9%	N/A	0.8%
Net tuition dependency ratio	0.1%	5.3%	2.6%	19.0%	-0.5%	1.0%	-2.5%	4.8%	3.4%	1.2%	9.4%	N/A	-0.2%

Red indicates a negative trend or change, black is neutral or positive

Audit Committee Meeting - January 2023

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	Total USM
Financial Strength indicators													
Ratio of unrestricted net assets to debt: >50%													
Fiscal year ended June 30, 2022													
Unrestricted net position(adjusted for pension liability)	378,106	726,552	85,524	225,544	(4,077)	35,196	13,792	49,183	118,563	329,537	181,013	22,604	2,429,510
Debt outstanding(including loss on refunding)	76,073	498,058	34,265	388,201	15,570	54,264	28,241	16,486	72,893	-	155,656	5,147	1,446,889
Ratio	497.03%	145.88%	249.60%	58.10%	-26.18%	64.86%	48.84%	298.33%	162.65%	N/A	116.29%	439.17%	167.91%
Fiscal year ended June 30, 2021													
Unrestricted net position(adjusted for pension liability)	348,846	605,266	80,242	214,132	(5,061)	32,236	16,650	36,015	115,338	344,323	141,426	21,873	2,288,075
Debt outstanding(including loss on refunding)	68,235	429,907	35,750	372,949	14,771	55,560	30,704	10,840	77,587	-	156,423	5,795	1,347,729
Ratio	511.24%	140.79%	224.45%	57.42%	-34.26%	58.02%	54.23%	332.24%	148.66%	N/A	90.41%	377.45%	169.77%
Fiscal year ended June 30, 2020													
Unrestricted net position	314,532	561,029	80,760	244,523	(7,223)	26,232	10,995	27,215	109,624	338,940	148,302	20,069	2,207,499
Debt outstanding	70,838	315,623	37,254	357,158	16,623	52,959	33,438	12,828	84,912	-	139,377	6,648	1,189,540
Ratio	444.02%	177.75%	216.78%	68.46%	-43.45%	49.53%	32.88%	212.15%	129.10%	N/A	106.40%	301.88%	185.58%
Primary reserve ratio: >25%													
Fiscal year ended June 30, 2022													
Expendable net position	448,153	811,870	85,895	234,215	6,168	38,323	14,572	49,557	118,800	329,570	182,225	22,604	272,605
Operating expenses	1,343,269	2,211,257	174,612	473,035	132,457	125,540	107,398	114,959	197,588	457,876	496,702	51,254	5,885,947
Ratio	33.36%	36.72%	49.19%	49.51%	4.66%	30.53%	13.57%	43.11%	60.13%	71.98%	36.69%	44.10%	4.63%
Fiscal year ended June 30, 2021													
Expendable net position	419,950	686,485	80,681	226,555	5,323	31,353	17,632	36,445	115,678	344,681	142,590	21,873	2,469,696
Operating expenses	1,327,539	2,026,771	148,488	428,742	119,601	116,821	96,674	111,441	184,475	449,400	449,358	51,641	5,544,805
Ratio	31.63%	33.87%	54.34%	52.84%	4.45%	26.84%	18.24%	32.70%	62.71%	76.70%	31.73%	42.36%	44.54%
Fiscal year ended June 30, 2020													
Expendable net position	377,735	657,483	81,350	257,213	1,894	28,003	11,901	28,030	110,169	339,020	149,601	20,069	2,403,991
Operating expenses	1,257,854	2,088,034	132,749	433,218	119,695	115,243	89,787	112,387	183,146	445,428	461,998	50,136	5,520,683
Ratio	30.03%	31.49%	61.28%	59.37%	1.58%	24.30%	13.25%	24.94%	60.15%	76.11%	32.38%	40.03%	43.55%
Ratio of current assets to current liabilities: >200%													
Fiscal year ended June 30, 2022													
Current assets	627,861	1,069,400	110,382	324,112	34,546	95,783	50,832	71,260	140,800	394,533	236,846	29,606	3,440,086
Current liabilities	233,882	424,426	27,246	119,702	34,792	64,156	39,770	21,979	28,736	86,806	68,748	5,855	1,179,706
Ratio	268.45%	251.96%	405.13%	270.77%	99.29%	149.30%	127.81%	324.22%	489.98%	454.50%	344.51%	505.65%	291.61%
Fiscal year ended June 30, 2021													
Current assets	560,059	888,936	100,836	294,772	13,551	45,736	29,015	56,581	135,459	402,806	187,814	27,210	3,050,605
Current liabilities	196,715	378,136	22,399	101,288	14,318	20,680	13,782	21,049	25,257	83,594	61,251	4,572	970,308
Ratio	284.71%	235.08%	450.18%	291.02%	94.64%	221.16%	210.53%	268.81%	536.32%	481.86%	306.63%	595.14%	314.40%
Fiscal year ended June 30, 2020													
Current assets	510,431	904,047	98,700	301,886	9,693	39,145	22,893	46,649	131,208	402,890	195,898	24,674	3,011,464
Current liabilities	181,443	394,327	19,979	78,072	13,793	17,238	13,803	20,952	26,913	87,340	57,993	4,082	929,183
Ratio	281.32%	229.26%	494.02%	386.68%	70.27%	227.09%	165.86%	222.65%	487.53%	461.29%	337.80%	604.46%	324.10%

Audit Committee Meeting - January 2023

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	Total USM
<u>Operational performance indicators</u>													
Student accounts receivable collection rate: <1%													
Average - five-years ended June 30, 2022													
Net transfers to CCU	210	1,416	633	843	677	293	(6)	389	449	5,560	917		11,380
Gross billings	205,378	805,007	74,383	277,884	44,550	184,988	22,102	55,590	121,345	357,889	199,151		2,348,265
Ratio	0.10%	0.18%	0.85%	0.30%	1.52%	0.16%	-0.03%	0.70%	0.37%	1.55%	0.46%	N/A	0.48%
Average - five-years ended June 30, 2021													
Net transfers to CCU	173	1,508	593	879	1,198	328	56	529	407	6,538	905		13,114
Gross billings	176,408	785,935	70,572	277,080	48,409	150,485	23,332	63,791	123,563	353,636	195,608		2,268,819
Ratio	0.10%	0.19%	0.84%	0.32%	2.48%	0.22%	0.24%	0.83%	0.33%	1.85%	0.46%	N/A	0.58%
Average - five-years ended June 30, 2020													
Net transfers to CCU	110	1,447	376	908	1,309	193	89	626	318	6,893	925		13,195
Gross billings	169,310	775,874	68,990	276,825	53,752	117,494	24,621	60,113	124,699	343,512	204,579		2,219,770
Ratio	0.07%	0.19%	0.54%	0.33%	2.43%	0.16%	0.36%	1.04%	0.26%	2.01%	0.45%	N/A	0.59%
Net operating revenues ratio: >1%													
Fiscal year ended June 30, 2022													
Change in unrestricted net position	29,260	121,286	5,282	11,412	984	2,960	(2,858)	13,168	3,225	(14,786)	39,588	732	141,435
Operating revenues	1,065,045	1,516,367	71,317	258,258	57,873	56,291	21,932	64,483	105,476	308,535	314,218	24,966	3,867,837
Ratio	2.75%	8.00%	7.41%	4.42%	1.70%	5.26%	-13.03%	20.42%	3.06%	-4.79%	12.60%	2.93%	3.66%
Fiscal year ended June 30, 2021													
Change in unrestricted net position	34,313	44,237	(519)	(30,391)	2,162	6,004	5,655	8,800	5,714	5,382	(6,876)	1,803	80,576
Operating revenues	1,026,397	1,258,922	65,304	207,416	50,516	55,442	25,273	64,920	105,506	330,008	237,391	24,298	3,454,424
Ratio	3.34%	3.51%	-0.79%	-14.65%	4.28%	10.83%	22.38%	13.56%	5.42%	1.63%	-2.90%	7.42%	2.33%
Fiscal year ended June 30, 2020													
Change in unrestricted net position(adjusted for pension)	4,182	(27,477)	(6,149)	(654)	683	(3,384)	3,662	6,187	744	9,005	4,665	1,582	18,507
Operating revenues	961,104	1,382,234	64,221	261,945	52,211	53,745	23,305	68,452	113,669	323,509	284,961	25,098	3,616,752
Ratio	0.44%	-1.99%	-9.57%	-0.25%	1.31%	-6.30%	15.71%	9.04%	0.65%	2.78%	1.64%	6.30%	0.51%
Ratio of debt service payments to operating spending: < 4.5%													
Fiscal year ended June 30, 2022													
Debt service payments	14,986	43,173	3,806	37,284	2,694	5,145	3,734	3,788	9,390	0	16,282	971	152,778
Operating expenses	1,343,269	2,211,257	174,612	473,035	132,457	125,540	107,398	114,959	197,588	457,876	496,702	51,254	5,927,553
Ratio	1.12%	1.95%	2.18%	7.88%	2.03%	4.10%	3.48%	3.30%	4.75%	0.00%	3.28%	1.89%	2.58%
Fiscal year ended June 30, 2021													
Debt service payments	9,958	39,789	3,240	36,157	3,392	4,910	3,864	1,288	9,139	0	14,921	819	131,104
Operating expenses	1,327,539	2,026,771	148,488	428,742	119,601	116,821	96,674	111,441	184,475	449,400	449,358	51,641	5,544,805
Ratio	0.75%	1.96%	2.18%	8.43%	2.84%	4.20%	4.00%	1.16%	4.95%	0.00%	3.32%	1.59%	2.36%
Fiscal year ended June 30, 2020													
Debt service payments	12,586	43,156	4,081	37,637	5,508	4,426	4,658	2,604	10,352	0	17,088	906	155,731
Operating expenses	1,257,854	2,088,034	132,749	433,218	119,695	115,243	89,787	112,387	183,146	445,428	461,998	50,136	5,520,683
Ratio	1.00%	2.07%	3.07%	8.69%	4.60%	3.84%	5.19%	2.32%	5.65%	0.00%	3.70%	1.81%	2.82%

Audit Committee Meeting - January 2023

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCE	Total	USM
Enrollment Performance Indicators														
Net Tuition per FTE														
Fall 2021 (FY 2022) Enrollment														
Net Tuition and Fees	137,029	571,958	41,770	152,036	18,883	33,220	9,432	37,826	56,841	338,008	134,772	N/A	1,531,776	
FTE	7,230	33,914	4,959	16,870	2,217	3,335	1,600	2,447	6,611	35,322	10,910	N/A	125,415	
Net Tuition per FTE	\$ 18,953	\$ 16,865	\$ 8,423	\$ 9,012	\$ 8,517	\$ 9,961	\$ 5,895	\$ 15,458	\$ 8,598	\$ 9,569	\$ 12,353	N/A	\$ 12,214	
Fall 2020 (FY 2021) Enrollment														
Net Tuition and Fees	132,689	541,570	39,938	161,592	16,229	33,297	10,239	41,168	60,395	365,351	124,102	N/A	1,526,572	
FTE	7,168	33,907	5,035	17,025	2,205	3,408	1,698	2,486	6,687	35,404	10,938	N/A	125,961	
Net Tuition per FTE	\$ 18,511	\$ 15,972	\$ 7,932	\$ 9,491	\$ 7,360	\$ 9,770	\$ 6,030	\$ 16,560	\$ 9,032	\$ 10,319	\$ 11,346	N/A	\$ 12,119	
Fall 2019 (FY 2020) Enrollment														
Net Tuition and Fees	132,933	572,735	41,774	170,944	20,665	36,294	11,583	44,512	66,628	349,568	128,068	N/A	1,575,704	
FTE	6,859	33,776	5,084	18,732	2,668	4,012	2,125	2,931	7,710	35,213	11,068	N/A	130,178	
Net Tuition per FTE	\$ 19,381	\$ 16,957	\$ 8,217	\$ 9,126	\$ 7,745	\$ 9,046	\$ 5,451	\$ 15,186	\$ 8,642	\$ 9,927	\$ 11,571	N/A	\$ 12,104	
Net Tuition Dependency Ratio														
Fiscal year ended June 30, 2022														
Net Tuition and Fees	137,029	571,958	41,770	152,036	18,883	33,220	9,432	37,826	56,841	338,008	134,772	N/A	1,531,776	
Operating revenues	1,065,045	1,516,367	71,317	258,258	57,873	56,291	21,932	64,483	105,476	308,535	314,218	N/A	3,454,424	
Ratio	12.87%	37.72%	58.57%	58.87%	32.63%	59.01%	43.01%	58.66%	53.89%	109.55%	42.89%	N/A	44.34%	
Fiscal year ended June 30, 2021														
Net Tuition and Fees	132,689	541,570	39,938	161,592	16,229	33,297	10,239	41,168	60,395	365,351	124,102	N/A	1,526,572	
Operating revenues	1,026,397	1,258,922	65,304	207,416	50,516	55,442	25,273	64,920	105,506	330,008	237,391	N/A	3,454,424	
Ratio	12.93%	43.02%	61.16%	77.91%	32.13%	60.06%	40.51%	63.41%	57.24%	110.71%	52.28%	N/A	44.19%	
Fiscal year ended June 30, 2020														
Net Tuition and Fees	132,933	572,735	41,774	170,944	20,665	36,294	11,583	44,512	66,628	349,568	128,068	N/A	1,575,704	
Operating revenues	961,104	1,382,234	64,221	261,945	52,211	53,745	23,305	68,452	113,669	323,509	284,961	N/A	3,616,752	
Ratio	13.83%	41.44%	65.05%	65.26%	39.58%	67.53%	49.70%	65.03%	58.62%	108.06%	44.94%	N/A	43.57%	

FTE Students from report included here:

https://www.usmd.edu/regents/agendas/20201105_FC_PublicSession.pdf
pdf page 25/35

https://emp.nacubo.org/wp-content/uploads/2017/10/NSS_Handbook.pdf

net tuition dependency ratio
(tuition and fees)-(financial aid)/total operating income



Financial Dashboards Overview and Descriptions

The intent of financial dashboards is to highlight how each institution is performing and trending relative to the System's primary financial planning parameters (fund balance goal and debt authorizations annually), and to give regents a visual display of whether or not institutions are financially healthy and whether the institution is improving or not, financially.

Fall below the standards, and it is either a balance sheet stress (meaning that liquidity, or debt outstanding, or fund balance levels, are or are becoming an issue) or an operating efficiency stress (the lack of an operating margin means that the institution is out of step with the rest of the USM institutions in keeping pace financially to support the capital program System-wide).

Recognizing the subjectivity of applying the standards and measures at an institution-level, the bottom part of the analysis, which shows directional movements rather than whether or not the institution met some standard, may be more important and useful.

Financial Strength Indicators (statement of net position)

- **Unrestricted net position to debt**
A ratio that shows the institution's ability to cover their debt with available net assets. The higher the ratio, the better. Unrestricted net position is adjusted for the impact of recording the pension liability.
- **Primary reserve ratio (expendable net position/operating expenses)**
This measure shows how long an institution could operate solely using reserves, without relying on new additional revenues from operations. The higher the ratio, the better
- **Ratio of current assets to current liabilities**
A standard and widely-used ratio that suggests the institution's ability to pay current obligations while maintaining a measure of financial safety. The higher the ratio, the better

Operational Financial Performance Indicators (statement of activities)

- **Student accounts receivable collection rate**
Shows the proportion of student billings sent to the state central collection unit, net of recoveries of amounts previously transferred. The lower the ratio, the better
- **Net operating revenues ratio**
Meant to show the percentage of operating revenues saved and added to the net position after all operational spending for the year are accounted for. The higher the ratio, the better
- **Ratio of debt service payments to operating spending**
This ratio shows the proportion of operating spending committed to paying off principal and interest obligations. A high ratio suggests that the institution will have a more difficult time

responding to revenue or state general fund reductions. The lower the ratio, the more flexibility the institution has to make spending cuts in periods of declining revenues.

Enrollment performance indicators

- **Net tuition per FTE**

A measure that reflects the average amount of actual tuition revenue, net of scholarships, on a per-student basis. An increase in this ratio is considered a positive trend.

- **Net tuition dependency ratio**

A measure that captures the institution's dependence on tuition as a proportion of the institution's total revenues. In periods of stable enrollment and tuition levels, a downward trend is considered positive because it usually indicates the institution is increasing its diversity of funding sources, as long as it is not caused by solely a decrease in the tuition revenue.

Data Source

All data comes directly from the audited financial statements and supporting schedules (in the case of debt service and collections). FTE data is pulled from the enrollment reports available on the USM website, which are prepared by the Office of Institutional Research.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,043,519,564	\$ 2,681,608,525
Accounts receivable, net	349,952,225	333,521,863
Leases receivable, current portion, net	12,935,917	
Notes receivable, current portion, net	4,351,323	3,870,228
Inventories	9,194,059	9,015,105
Prepaid expenses and other	<u>20,132,560</u>	<u>22,589,607</u>
Total current assets	<u>3,440,085,648</u>	<u>3,050,605,328</u>
Noncurrent assets:		
Restricted cash and cash equivalents	88,154,401	104,319,389
Endowment investments	434,364,389	436,809,838
Other investments	40,831,935	40,508,406
Leases receivable, net	47,513,791	
Notes receivable, net	12,193,043	19,075,445
Capital assets, net	<u>7,326,736,884</u>	<u>7,089,300,818</u>
Total noncurrent assets	<u>7,949,794,443</u>	<u>7,690,013,896</u>
Total assets	<u>11,389,880,091</u>	<u>10,740,619,224</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refundings of debt	6,034,722	9,376,625
Asset retirement obligations	11,741,954	12,276,398
Deferred changes, pension expense	<u>380,707,864</u>	<u>373,714,162</u>
Total assets and deferred outflows of resources	<u>\$ 11,788,364,631</u>	<u>\$ 11,135,986,409</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 410,362,411	\$ 364,305,655
Accrued workers' compensation, current portion	4,522,350	4,794,150
Accrued vacation costs, current portion	130,262,070	129,718,324
Revenue bonds and notes payable, current portion	96,971,293	92,180,951
Lease obligations, current portion	17,732,713	2,768,159
Unearned revenues	<u>519,855,439</u>	<u>376,540,915</u>
Total current liabilities	<u>1,179,706,276</u>	<u>970,308,154</u>
Noncurrent liabilities:		
Accrued workers' compensation	25,626,650	27,166,850
Accrued vacation costs	181,624,240	176,068,088
Revenue bonds and notes payable	1,254,836,154	1,226,264,284
Lease obligations	83,383,979	35,892,193
Net pension liability	<u>977,354,142</u>	<u>1,395,144,942</u>
Total noncurrent liabilities	<u>2,522,825,165</u>	<u>2,860,536,357</u>
Total liabilities	<u>3,702,531,441</u>	<u>3,830,844,511</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred service concession arrangement receipts	266,747,515	233,863,349
Deferred inflows related to leases	58,909,984	-
Deferred changes, pension expense	<u>546,879,512</u>	<u>78,780,716</u>
Total deferred inflows of resources	<u>872,537,011</u>	<u>312,644,065</u>
NET POSITION		
Unrestricted	1,285,983,924	1,187,863,054
Net investment in capital assets	5,696,432,526	5,580,081,931
Restricted:		
Nonexpendable:		
Scholarships and fellowships	21,267,637	18,367,468
Research	7,636,377	7,636,277
Other	16,928,309	16,927,705
Expendable:		
Scholarships and fellowships	46,686,730	46,303,581
Research	71,756,398	62,227,723
Loans	27,800,658	34,623,545
Capital projects	4,633,279	3,659,537
Other	<u>34,170,341</u>	<u>34,807,012</u>
Total net position	<u>7,213,296,179</u>	<u>6,992,497,833</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 11,788,364,631</u>	<u>\$ 11,135,986,409</u>

DRAFT

**UNIVERSITY OF SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022		2021	
OPERATING REVENUES:				
Tuition and fees	\$ 1,763,780,683		\$ 1,737,544,199	
Less: scholarship allowances	<u>(399,706,090)</u>	\$ 1,364,074,593	<u>(374,251,026)</u>	\$ 1,363,293,173
Federal grants and contracts		871,536,573		774,627,139
State and local grants and contracts		232,407,684		228,853,058
Nongovernmental grants and contracts		278,725,575		280,670,286
Sales and services of educational departments		400,319,333		362,668,277
Auxiliary enterprises:				
Residential facilities	198,025,714		108,811,825	
Less: scholarship allowances	<u>(11,039,449)</u>	186,986,265	<u>(6,506,601)</u>	102,305,224
Dining facilities	128,954,082		50,868,506	
Less: scholarship allowances	<u>(6,419,028)</u>	122,535,054	<u>(3,155,203)</u>	47,713,303
Intercollegiate athletics	132,226,377		86,556,363	
Less: scholarship allowances	<u>(1,987,735)</u>	130,238,642	<u>(6,166,541)</u>	80,389,822
Bookstore	28,215,539		11,706,188	
Less: scholarship allowances	<u>(4,550,328)</u>	23,665,211	<u>(1,393,925)</u>	10,312,263
Parking facilities	38,232,144		23,998,707	
Less: scholarship allowances	<u>(1,248,965)</u>	36,983,179	<u>(149,932)</u>	23,848,775
Other auxiliary enterprises revenues	155,481,618		128,285,524	
Less: scholarship allowances	<u>(50,127)</u>	155,431,491	<u>(58,014)</u>	128,227,510
Other operating revenues		<u>64,933,123</u>		<u>51,515,174</u>
Total operating revenues		<u>3,867,836,723</u>		<u>3,454,424,004</u>
OPERATING EXPENSES:				
Instruction		1,469,203,096		1,420,144,490
Research		1,117,448,187		1,050,765,878
Public service		571,068,805		575,995,384
Academic support		535,209,518		520,704,936
Student services		329,216,282		326,370,905
Institutional support		618,297,026		578,360,851
Operation and maintenance of plant		411,381,014		401,520,485
Scholarships and fellowships		225,089,117		173,157,118
Auxiliary enterprises:				
Residential facilities		187,999,542		156,860,896
Dining facilities		126,247,532		70,506,748
Intercollegiate athletics		155,492,122		108,209,011
Bookstore		14,417,486		13,706,606
Parking facilities		25,308,991		25,233,098
Other auxiliary enterprises expenses		<u>141,174,657</u>		<u>123,268,514</u>
Total operating expenses		<u>5,927,553,375</u>		<u>5,544,804,920</u>
Operating loss		<u>(2,059,716,652)</u>		<u>(2,090,380,916)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		1,574,884,395		1,505,429,509
Pell grants		167,701,242		163,278,977
Other nonoperating grants		269,784,264		196,776,455
Gifts		53,354,623		45,136,501
Investment Income	26,289,922		108,712,589	
Less: investment expense	<u>(1,505,288)</u>	24,784,634	<u>(1,465,896)</u>	107,246,693
Interest on indebtedness		(39,248,619)		(35,369,712)
Other revenues, (expenses), gains and (losses)		<u>5,735,208</u>		<u>4,994,458</u>
Total nonoperating revenues		<u>2,056,995,747</u>		<u>1,987,492,881</u>
Income (loss) before other revenues		<u>(2,720,905)</u>		<u>(102,888,035)</u>
OTHER REVENUES:				
Capital appropriations		179,148,592		160,457,476
Capital gifts and grants		41,469,786		52,323,700
Additions to permanent endowments		<u>2,900,873</u>		<u>1,213,208</u>
Total other revenues		<u>223,519,251</u>		<u>213,994,384</u>
Increase in net position		220,798,346		111,106,349
Net position - beginning of year		<u>6,992,497,833</u>		<u>6,881,391,484</u>
Net position - end of year		<u>\$ 7,213,296,179</u>		<u>\$ 6,992,497,833</u>

DRAFT



University System of Maryland

FY22 Audit Results

January 13, 2023

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Scope of Services and Deliverables- FY22 Status

Opinion on financial statements for the year ending June 30, 2022
Issued January 2023

Single audit testing as part of the State of Maryland Single Audit Report
In Process (due 3/31/23)

Governance communication letter *Issued January 2023*

Campus enrollment agreed-upon procedures *In Process*

Howard P. Rawlings Scholarship Programs agreed-upon procedures *Will commence when Audit Guide is issued*



Responsibilities under US Generally Accepted Auditing Standards (GAAS)

Responsible for:

- Expressing an opinion on whether financial statements are in conformity with U.S. GAAP in all material respects.
- Expressing an opinion only over information identified in our report. Other information included will be reviewed, but not subject to testing.
- Performing audit in accordance with required auditing standards, including Government Auditing Standards



Responsibilities under GAAS (continued)

An audit in accordance with GAAS:

- Communication of significant matters related to audit, information required by regulations, or other information agreed upon with College.
- Does not relieve management of responsibilities.
- Includes consideration of internal control as basis for audit procedures; but not to opine on effectiveness of internal controls.



Unique Items

GASB 87, Leases Implementation

- Emphasis of Matter paragraph
- Recognition of Leases on the Statement of Net Position
- Significant Deficiency
- Passed Adjustment Error

Grant Reconciliation

- Passed Adjustment

Delay in Issuance

- Accounting standard implementation
- Change in timing of SEFA prep

New Auditing Standards (SAS 134 – 140)



Other Communications

Management and staff
were very cooperative
and helpful





Upcoming GASB Pronouncements

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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Wealth Advisors, LLC, an SEC-registered investment advisor

Upcoming GASB Pronouncements

June 30, 2023

- GASB 91, Conduit Debt Obligations
- GASB 94, Public-Private and Public-Public Partnerships
- GASB 96, Subscription Based Information Technology



Questions?



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TOPIC: Proposed Amendment to BOR IX-2.00 – Policy on Affiliated Philanthropic Support Foundations

COMMITTEE: Audit

DATE OF COMMITTEE MEETING: January 13, 2023

SUMMARY: Amendments substantially revising the Board of Regents policy on affiliated foundations and amending the name to “Policy on Affiliated Philanthropic Support Foundations” are presented for approval.

One primary purpose in amending the policy is to restrict its applicability only to affiliated foundations engaged in fundraising and fundraising support activities. Certain affiliated business entities engaged in activities beyond the traditional fundraising activities conducted by affiliated foundations will no longer be governed by the policy; instead, they will be subject to a revised BOR policy on business entities.

Additional substantive amendments to the policy will accomplish the following:

- Require each affiliated foundation to enter into an agreement with the Board of Regents formalizing the Board’s recognition of the affiliation status. A draft model agreement is attached as Appendix A.
- Require that each affiliated foundation’s organizational documents include a provision assuring that any assets remaining upon dissolution of the foundation will be transferred to another USM affiliated fundraising organization.
- Require that any revision to organizational documents or changes to the foundation’s exempt purpose be shared with the Chancellor within thirty days.
- Expand provisions associated with revocation of the affiliation status, including rescinding the institution’s ability to extend use of facilities and staff resources.
- Deleting provisions permitting assignment of university staff to roles associated with the foundation.
- Require the institution to develop a conflict-of-interest management plan for each institution or USM Office employee who performs operational duties for a foundation to ensure that all parties interacting with the foundation understand the role and capacity of the institution or USM Office employee.
- Limit the acceptable scope of foundations to activities that are outside the normal scope of operations of the USM institution.
- Require that the foundation’s acquisition of personal or real property intended to be transferred eventually to the institution be conducted in compliance with any requirements of the Maryland Public Ethics Law that would govern the institution’s acquisition of such personal or real property.
- Delete the provisions enabling foundations to accept grants and contracts on behalf of the institution.
- Amend the provision requiring foundations to employ an internal auditor to a recommended “best practice.”
- Require the foundation annually to provide the Chancellor with a copy of the IRS Form 990.
- Require the institution’s president and the foundation’s board chair and executive director to provide an affirmation that each have reviewed the policy and have complied with all policy requirements.

This proposed policy amendment was presented to the Advancement Committee on October 25, 2022; it has been reviewed and approved by the Office of Attorney General for legal sufficiency.

A draft copy of BOR Policy VIII - 13.00 Business Entities is attached for comparison.

attachments

ALTERNATIVE(S): The Committee could decline to endorse the policy amendments as presented or provide alternative guidance.

FISCAL IMPACT: None.

CHANCELLOR'S RECOMMENDATION: That the Audit Committee endorse the proposed policy amendments.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca 443.367.0035

IX - 2.00 - POLICY ON AFFILIATED PHILANTHROPIC SUPPORT FOUNDATIONS

(Approved by the Board of Regents on March 1, 1989; amended on November 29, 1990; amended on October 1, 1999 and amended on _____, 2022)

I. Purpose and Scope

The Board of Regents of the University System of Maryland (USM) recognizes the importance of philanthropy and encourages private support (1) for the benefit of the USM and its constituent institutions and components (herein collectively referred to as “USM”) and (2) for education and support activities operated by the USM. The Board also recognizes the important role of affiliated philanthropic support foundations (foundation) in supporting philanthropic activities across the USM. This policy governs the formation and operation of affiliated philanthropic support foundations and the respective rights and responsibilities of the Board of Regents, USM institutions, and foundations.

This policy applies to existing or prospective Section 501(c)(3) organizations that are created and operated with one or more of the following purposes:

- To support fundraising programs and contributions from private sources to foster, support, and promote the general welfare of the USM; and/or
- To manage and invest private gifts and/or property for the benefit of the USM.

The USM, its institutions, and such other components of the USM as the Board of Regents may determine may have an affiliation with such an entity.

A subsidiary legal entity formed or owned by an affiliated foundation may use the name, personnel or facilities of the USM only if it is separately recognized by the Board of Regents pursuant to this policy or a Board of Regents policy applicable to non-fundraising affiliates.

Entities with the primary purpose of economic development or research activities are governed by Board of Regents Policy VIII-13,00 Policy on Business Entities.

II. Responsible USM Official

A Responsible Official is accountable for the relationship between the foundation and the institution or component with which it is affiliated. The Responsible Official shall monitor compliance with USM policies and agreements between the foundation, the USM, and the institution or component.

- A. The chancellor is the Responsible Official for the University System of Maryland Foundation and any other System-wide or multi-institution philanthropic foundation.
- B. The institution president is the Responsible Official for a foundation affiliated with the institution, including any components of that institution.

The Responsible Official shall be evaluated annually to determine whether they have ensured that the foundation has complied with Board of Regents policies and reasonable prudent business practices.

III. Establishment and Recognition of a New Affiliated Philanthropic Support Foundation

Launching a new foundation requires (1) establishment of the legal entity, (2) completion of an operating agreement between the foundation and the institution and (3) recognition by the Board of Regents as an affiliated philanthropic support foundation. Although institution presidents may establish a foundation without Board of Regents approval, Board recognition is required in order for the foundation to use the institution's name or resources. It is recommended that these three steps be addressed concurrently or in close succession.

A. Establishment

In accordance with § 15-104 of the Education Article, Annotated Code of Maryland, the president of a USM institution may establish campus-based foundations without the approval of the Board of Regents, provided that such entities must operate subject to this USM Board of Regents' policy and any others adopted by the Board of Regents with provisions explicitly applicable to affiliated philanthropic support foundations.

A president shall give the chancellor notice of the establishment of any new foundation in conjunction with the signing of an operating agreement and a request for Board of Regents recognition. Such notice shall include: The (proposed) name of the foundation, its mission statement, its initial Board members, copies of its articles of incorporation and corporate bylaws, and, if available, the IRS Form 1023 and any IRS determination letters.

B. Operating Agreement

The institution and the foundation shall enter into an annual operating agreement, to be signed by the Responsible Official and the foundation officer authorized to sign such agreements. The agreement shall establish the relationship between the parties, describe the purpose of the foundation, and acknowledge the applicability of Board of Regents policies. The agreement shall also condition the organization's use of the institution's name or any other name, emblem, or mark to which the institution has any legal right upon the foundation's continuing compliance with all Board of Regent policies on foundations. The agreement shall be approved by the chancellor or the chancellor's designee to ensure consistency with all applicable Board of Regents policies. A sample operating agreement is included as appendix A of this policy.

C. Board of Regents Recognition of Affiliation Status

The Responsible Official and the foundation shall obtain Board of Regents recognition of status as an affiliated foundation before the foundation can use the institution's name or any other name, emblem, or mark to which the institution has any legal right. This request, to be submitted by the Responsible Official to the chancellor, shall include the following:

1. Notification of establishment (see item III.A)

2. Operating agreement between the institution and the foundation (see item III.B)
3. Draft affiliation agreement between the foundation and the Board of Regents to be signed after final approval of affiliation status by the full Board of Regents (see Appendix A for a sample agreement).
4. Business plan narrative for the new entity, including use of institution staff or resources, if any, and information on how the fundraising foundation will achieve a scale sufficient to satisfy all reporting and compliance requirements for tax-exempt organizations and appropriately manage organizational risks.

The chancellor shall review this request and provide any feedback to the Responsible Official within 45 days of submission. The chancellor may reject the request without Board of Regents consideration if feedback is not addressed. Following chancellor approval, requests shall be considered first by the Board of Regents Committee on Advancement and then by the full Board of Regents.

Any dispute about the propriety or right to a foundation's name related to the institution's name or intellectual property shall be resolved by the Board of Regents.

IV. Recognition of Existing Affiliated Foundations

For those philanthropic support foundations identified in Board of Regents Policy IX-2.01: Recognition of Affiliated Foundations that are in compliance with reporting requirements as of the date of adoption of this policy, the Board of Regents shall verify their affiliated status upon receipt of the:

- A. Operating agreement between the institution and the foundation (see item III.B);
- B. Draft affiliation agreement between the affiliated fundraising foundation and the Board of Regents (see Appendix A for a sample agreement; to be signed after approval of affiliation status by full Board of Regents);
- C. Articles of incorporation and corporate bylaws, the IRS Form 1023 and any IRS determination letters for the affiliated philanthropic support foundation.

These documents shall be provided to the Board by December 31, 2023. Any dispute about the propriety or right to a foundation's name related to the institution's name or intellectual property shall be resolved by the Board of Regents.

V. Changes and Revocation of Affiliated Status

- A. Changes in foundation organizational documents, such as Articles of Incorporation, Bylaws or similar documents and agreements, or changes to the exempt purpose approved by the Internal Revenue Service, are to be communicated to the chancellor within 30 days of adoption and/or communication to the Internal Revenue Service.
- B. When changes to organizational documents or exempt purpose as approved by the Internal Revenue Service change the activities such that the organization becomes something other than a fundraising foundation, the organization will no longer have

recognized status as an affiliated foundation and will then be subject to policy appropriate for the form of relationship to the USM or its institutions.

- C. Failure to obtain a determination in a timely manner from the Internal Revenue Service that the foundation has been recognized as a publicly supported charitable organization exempt from tax under Section 501(c)(3) of the Internal Revenue Code, or a foundation's loss of IRS qualification as a publicly supported charitable organization exempt from tax under Section 501(c)(3) will result in the Board of Regents revocation of a foundation as an affiliated foundation within the scope of this policy.
- D. The Board of Regents may revoke its recognition of an affiliated foundation that fails to comply with this policy or the terms of the affiliation and/or operating agreements. In such case, the foundation shall no longer be entitled to use the name, staff, resources or facilities of the USM. The Board of Regents may seek guidance of the Office of the Attorney General in seeking any appropriate legal remedies.

VI. Structure and Independence

- A. Each affiliated fundraising foundation shall operate as a Maryland charitable non-stock corporation that is legally separate from the USM and is recognized as a 501(c)(3) public charity by the Internal Revenue Service with a clearly articulated purpose of support of the USM or one or more of its institutions or components.
- B. Articles of Incorporation shall include provisions that in the event of termination, dissolution, or loss of affiliated status, all remaining assets, direct or indirect, of the entity shall be transferred to a Board of Regents recognized affiliated philanthropic support entity
- C. The management and control of a foundation shall rest with a board of directors (or board of trustees; in this policy, directors shall also refer to trustees.)
- D. Presidents may serve only as ex-officio and non-voting members of the foundation's board of directors. USM employees may serve as voting members of the board of directors of any affiliated foundation, provided that USM employees do not constitute more than 20 percent of the foundation's board of directors.
- E. With the approval of the Responsible Official, an officer or employee of the USM may also serve as an officer or employee of an affiliated philanthropic support foundation. An employee or officer of a foundation who is also an employee or officer of the USM may not represent both parties in any negotiation between the foundation and the USM. Institutions must develop and formalize conflict of interest management arrangements for each USM employee performing roles for an affiliated philanthropic support foundation. Any exemptions to the requirements of the Public Ethics Law are to be documented in a manner consistent with that required under Board of Regents Policy III-1.10 Policy on Conflicts of Interest in Research and Development.

- F. Officers and staff members of a foundation and USM staff assigned to carry out functions of a foundation shall be bonded, and liability insurance for directors and officers shall be obtained by the foundation, in amounts to be determined by the board of directors.
- G. An affiliated fundraising foundation may use non-staff resources (e.g., space, equipment, facilities) of its affiliated institution without direct, dollar for dollar reimbursement to the institution.

VII. Scope of Activities

- A. Foundations shall comply with applicable Internal Revenue Code provisions and regulations and all other applicable policies and guidelines. Foundations may not engage in activities that conflict with federal or state laws, rules and regulations, USM policies, or the role and mission of the USM.
- B. Other than fundraising, fundraising support, gift management and investment management, after December 31, 2023 foundations may not engage in activities on behalf of the USM or institutions or components that the USM or its institutions or components could perform, without specific written approval by the Board of Regents.
- C. Foundations may acquire personal or real property assets for the eventual transfer to, or purchase by, the USM or its institutions; however, foundations may not make such acquisitions in a manner inconsistent with public ethics laws that would apply if the USM or its institutions were directly acquiring said property.
- D. All activities of foundations shall be in conformance with Section 501(c)(3) of the United States Internal Revenue Code. This includes but is not limited to the restriction that "[n]o substantial part of the activities (of a foundation shall be) carrying on propaganda, or otherwise attempting to influence legislation." Furthermore, no foundation shall directly or indirectly "participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office." In particular, a foundation may not make any contribution, whether in money or in kind, to any candidate for public office. The purchase of tickets to an event intended to raise money for use by a candidate in a political campaign is a violation of this policy.

VIII. Financial Activities and Business Operations

- A. The directors of each foundation board have the fiduciary responsibility to oversee the adequacy of the foundation's internal controls, as well as the sufficiency and appropriateness of its financial reporting. In fulfillment of these responsibilities, directors shall foster direct and private communications with the foundation's independent accountants on a regular basis and shall assure direct access to its internal audit function for independent accountants.
- B. The foundation shall ensure that it clearly presents itself as an independent entity separate and distinct from the USM and its constituent institutions and components. All

correspondence, solicitations, activities, and advertisements on behalf of a foundation shall use the name of that foundation and shall be clearly identified as an activity of that foundation to ensure that the public is aware that the activities undertaken by the foundation are separate and distinct from those of the USM. The letterhead of a foundation shall carry the complete legal name of the foundation or a registered Doing Business As (DBA) name (e.g., The University System of Maryland Foundation, UMBC Foundation, USG Foundation, etc.).

- C. Trademarks, service marks, logos, seals, or the name of the USM or any of its constituent institutions or components may be used by the foundation only with the prior written approval of the Responsible Official.
- D. In all negotiations and transactions with third parties, for fundraising and all other activities, foundation officers and employees shall take care to ensure that all parties involved are aware that the foundation is an independently established and separately operated legal entity from the USM. Obligations of foundations shall not be obligations of the USM or the State of Maryland.
- E. Foundation funds shall be kept separate from USM funds. USM funds shall not be transferred to foundations for any purpose except, when appropriate, by action of the Board of Regents after review by the Office of the Attorney General. Funds or gifts payable to the Board of Regents, the USM, one of its constituent institutions, or to any other USM component shall not be deposited with a foundation.
- F. Acceptance of gifts by the USM or a foundation is subject to applicable USM policies on gifts, including Board of Regents Policy IX-5.00 Policy on Ethical Practices in Charitable Giving. Fundraising campaigns and solicitations of major gifts for the benefit of the USM shall be approved in advance by the Responsible Official and should be compatible with the plans and needs of the USM. Before accepting contributions or grants for restricted or designated purposes that may require administration or direct expenditure by a constituent institution or other component of the USM, a foundation must obtain the prior approval of the Responsible Official. The foundation shall assure that each gift shall be used in accordance with the legally enforceable terms and conditions attached to such gift.
- G. Financial activities of an affiliated fundraising foundation shall be administered in accordance with prudent business practices. Each foundation's board of directors shall adopt an expense authorization and reporting process. The process shall define the dollar threshold and nature of expenses requiring approval of a member of the board of directors, who shall not be a USM employee, and it shall define the type and frequency of expense reporting to the board of directors. An adequate and effective system of internal control designed to reduce the risk of loss, ensure appropriate attention to compliance obligations, and formalize approvals and lines of authority, is an important and necessary part of prudent business practices.

- H. Foundations are encouraged to use the professional investment management resources and infrastructure provided by the University System of Maryland Foundation (or its successor(s)). In the circumstance where a foundation chooses another entity to perform investment management services, should the foundation's investments underperform appropriate market indices for three consecutive years, the Board of Regents may request from the foundation an independent review of its investment strategies along with plans for corrective action.
- I. All USM affiliated foundations may be assessed an annual overhead charge that shall be determined by the Board of Regents in consultation with the Presidents. The charge shall be transferred to the University System of Maryland Foundation (or its successor(s)) to cover certain costs incurred by the University System of Maryland Foundation on behalf of the Board of Regents and the Chancellor.

IX. Audits, Inspection and Reports

A. Audits and Inspection

1. Each foundation shall be audited annually by an independent certified public accountant who is not a director or officer of the foundation and who is approved by the Responsible Official. Each foundation should conduct its fiscal operations to conform to the USM's fiscal year. Each foundation shall prepare its annual financial statements in accordance with generally accepted accounting principles. The independent audit shall be performed in accordance with generally accepted auditing standards. As part of the audit, the auditor shall verify a summary annual report of transfers of funds made to the USM or its institutions.
2. Each year each foundation shall provide a separate audit, to be performed by either the foundation's independent auditor, or the USM Office of Internal Audit, of all unrestricted funds available to the Chancellor and/or the President(s).
3. Annually, the Responsible Official, directors and chief officers of each foundation should review their responsibilities, and the business and operational risks facing the foundation.
4. A foundation shall permit the Responsible Official or their designee to inspect, at reasonable times, the following documents: the foundation's books and records; its most recent federal and state tax returns; and a list of employees, consultants, and legal counsel for the fiscal year. At the request of the Chancellor or the Chairperson of the Board of Regents, the foundation shall permit the internal auditors of the Board of Regents access to all books and records of the foundation.

B. Reports

1. Within 120 days after the close of the USM's fiscal year, each foundation shall provide the Responsible Official with copies of the following, which are to be

transmitted to the Office of the Chancellor along with a set of assertions as to affiliated fundraising foundation compliance with Board of Regents policy requirements:

- a. annual financial audit report;
 - b. annual audit report of transfers made to the USM, institution and components;
 - c. annual audit report of unrestricted funds available to the Chancellor and/or the President;
 - d. a list of foundation officers and directors;
 - e. a list of USM employees who received compensation or other payments from the foundation during the fiscal year and the amount of that compensation or payment, detailed into compensation for services, and other payments;
 - f. IRS Form 990 and any related State or other regulatory compliance reports (when filed or available);
 - g. a list of all state and federal contracts and grants managed by the foundation; and
 - h. A written affirmation of the foundation board chair, executive director and the Responsible Official that they have read, understand and have complied with the provisions of the Board of Regents Policy on Affiliated Philanthropic Support Foundations.
2. Should the foundation not submit the required documents and reports within the required time period, the Chancellor and the Responsible Official (if other than the Chancellor) shall issue a joint warning to the foundation. Should the foundation not demonstrate satisfactory progress toward immediate compliance, the Board of Regents may revoke its affiliated status or take other appropriate action.
 3. The Chancellor may request from the Responsible Official information on foundations according to the schedule and format specified by the Chancellor.
 4. The Chancellor shall annually send any revised Board of Regents' policies relating to affiliated foundations to the Department of Legislative Services within 180 days of the end of the USM's fiscal year.
 5. The Board of Regents shall issue an annual report to the Legislative Joint Audit and Evaluation Committee regarding the operations of the affiliated foundations. The report shall be available no later than 180 days after the end of the USM's fiscal year.



Appendix A

Model Affiliation Agreement between the University System of Maryland Board of Regents and Affiliated Philanthropic Support Foundation

Board of Regents Policy IX-2.00 Policy on Affiliated Philanthropic Support Foundations, Section III C. requires:

The Responsible Official and the foundation shall obtain Board of Regents recognition of status as an affiliated foundation before the foundation can use the institution's name or any other name, emblem, or mark to which the University has any legal right.

and in the same section #3, including a:

Draft affiliation agreement between the foundation and the Board of Regents...

This agreement is to remain in force for as long as the affiliation status is maintained and recognized by the Board of Regents. The affiliated philanthropic support foundation named above agrees and acknowledges that:

1. The above-named affiliated philanthropic support foundation commits to maintaining an operating agreement with the affiliated university that reflects best practices and the requirements of the BOR policy.
2. The BOR acknowledges that the named affiliated philanthropic support foundation is an independent 501 (c) 3 entity with its own governing board and financial systems.
3. The above-named affiliated philanthropic support foundation commits to compliance with all applicable BOR policies.
4. The above-named affiliated philanthropic support foundation understands and agrees to the consequences of failing to comply with the BOR policy governing affiliated philanthropic foundations, including but not limited to denial of the right to use the name and resources of the university.
5. The above-named affiliated philanthropic support foundation acknowledges that its dissolution will result in transfer of its funds to a BOR-recognized foundation for the benefit of the affiliated university.

6. The above-named affiliated philanthropic support foundation agrees to follow all applicable laws pertaining to their 501 (c) 3 status.
7. The above-named affiliated philanthropic support foundation agrees that any changes to corporate documents or purpose must be communicated to the BOR within 60 days, and that certain changes may result in revocation of recognition.
8. The above-named affiliated philanthropic support foundation agrees that it will cease using the institution or USM name or any other name, emblem, or mark of the university or USM in the event of a Board of Regents action to revoke its recognition as an affiliated philanthropic support foundation upon formal communication of such action.

We the undersigned, do hereby agree to, and acknowledge the terms of this affiliation agreement:

Executive director, President or Chief Executive Affiliated philanthropic support organization	Date
---	------

Responsible Official USM institution	Date
---	------

Chancellor (on behalf of the Board of Regents) University System of Maryland	Date
---	------

VIII-13.00 - USM POLICY ON BUSINESS ENTITIES

(Approved by the USM Board of Regents on July 13, 2001, revised _____, 2023)

A. Definitions

For the purposes of this Policy, the following terms shall have the following meanings:

“Business Entity” means a for profit or non-profit business or business entity that is separate from USM and its Institutions. For example, Business Entities include without limitation:

- a. Entities created for the purpose of owning or developing real estate;
- b. Entities created for the purpose of carrying on or facilitating research, education, or services consistent with the Institution’s mission;
- c. Fiscal sponsor host organizations;
- d. Entities that were previously recognized by USM as affiliated foundations, but which are subsequently primarily engaged in activities other than fundraising or fundraising-support; and
- e. Entities established to further one or more goals of USM or its institutions and related to the mission of any institution.

“Establish” means to create or legally organize a Business Entity, e.g., by incorporating a corporation, organizing a limited liability company, or entering into a partnership or joint venture agreement.

“Financing,” “finance,” or any correlative term means the provision of a loan or extension of credit to a Business Entity.

“Institution” means a university within the University System of Maryland, or a regional center.

“Investment,” “invest,” or any correlative term means the acquisition of an ownership interest in the Business Entity in exchange for consideration, or to provide value to a Business Entity by support or gift.

“Operate” means to control or to substantially or significantly influence the management of the operations of a Business Entity.

“Responsible Official” means the following official responsible for seeking approvals and for monitoring compliance with this Policy and other USM policies applicable to Business Entities at his or her Institution:

- a. For the USM or USM Office: the Chancellor (or his or her designee); and
- b. For an Institution and any component of an Institution (including a regional higher education center through its sponsoring Institution): the appropriate President, unless otherwise approved by the Chancellor.

B. Background

Section 12-113 of the Education Article of the Annotated Code of Maryland, as may be amended, allows the Board of Regents "to establish, invest in, finance, and operate businesses or business entities when the Board finds that doing so would further one or more goals of the University and is related to the mission of the University." Section 12-113 requires that a business entity may not be considered an agency or instrumentality of the State or a unit of the Executive Branch for any purpose. A financial obligation or liability of a business entity established, invested in, financed, or operated in accordance with Section 12-113 may not be a debt or obligation of the State or University.

Section 12-113 also refers to Section 15-107 of the Education Article, which encourages the promotion of economic development of the State through commercial application of Institution-owned intellectual property.

C. Purpose and Scope

This Policy governs the establishment, investment in, financing of, and operation of Business Entities by USM and its Institutions. Business Entities may be established or operated for the purpose of shielding the Institution from liability; engaging in activities that are more appropriately conducted by a Business Entity; enabling non-USM personnel with appropriate expertise to participate in the management or governance of the Business Entity; or for other purposes to enhance or accomplish the mission of the USM or the Institution.

D. Applicability

1. Subject to Section D.2, this Policy shall apply to the establishment, investment in, financing of, and operation of Business Entities by USM and USM Institutions.
2. This Policy shall not apply to any of the following entities:
 - a. Entities that are subject to Board of Regents Policy VIII-15.00 (Policy on High Impact Economic Development Activities).
 - b. Affiliated philanthropic support foundations that are subject to Board of Regents Policy IX-2.00 (Policy on Affiliated Philanthropic Support Foundations).
 - c. Public-private partnerships that are subject to the provisions of Board of Regents Policy VIII-17.00 (Policy on Public-Private Partnerships).
 - d. Business Entities that are specifically exempted from this Policy by the Board of Regents.
3. This Policy shall also not apply to the following:
 - a. The receipt of an equity interest in a Business Entity or a license to use the Business Entity's intellectual property as a condition of the Business Entity's participation in an Institution's business incubator program;
 - b. The receipt of an equity interest in a Business Entity in consideration for the licensing of Institution-owned intellectual property;
 - c. Investments and financings made according to the provisions of Board of Regents Policy VIII-14.00 (Policy on Investments and Loans to Maryland-based Businesses that are Affiliated with USM Institutions); and
 - d. Provided, however, that in each of D.3.a, b, and c, the Institution provides no other Investment in, Management of, provision of more than one director, trustee or manager, to or Financing for, the Business Entity.

E. Prior Approval Required by the Board of Regents for Establishing, Operating, Investing in, or Financing a Business Entity

1. USM and USM Institutions must obtain prior Board of Regents approval in order to:
 - a. Establish a new Business Entity,
 - b. Operate a Business Entity, or
 - c. Invest in or Finance a Business Entity as further provided in Section F below.
2. However, no new approval shall be required with respect to the establishment or operation of any Business Entity which was approved by the Board of Regents prior to December 31, 2022. All Business Entities whenever established are subject to the reporting requirements set forth in Section J below.
3. In addition, no new approval shall be required with respect to the establishment by a previously approved Business Entity of a subsidiary or affiliate, if it is (a) consistent with the initial approval of the purpose and intended operations of the Business Entity, and (b) not considered an agency or instrumentality of the State or unit of the Executive Branch, including USM, for any purpose, and its debts and obligations are not considered debts or obligations of the State or USM. For example, a real estate development Business Entity may create single-purpose entity (SPE) subsidiaries for acquiring parcels of real estate, in order to shield the Business Entity from the liabilities of the SPE. All subsidiaries and affiliates are subject to the reporting requirements set forth in Section J below.

F. Approval Required for Investments or Financings

1. USM and USM Institutions must obtain Board of Regents approval in order to make an investment in, or provide financing to, a Business Entity of \$5,000,000 or more.
2. USM and USM Institutions must obtain specific written approval of the Chancellor (or designee), in order to make an investment in, or provide financing to, a Business Entity of \$1,000,000 or more but less than \$5,000,000. The Chancellor (or designee) shall have determined that the investment in the Business Entity furthers one or more goals of USM or Institution and is related to the mission of USM or Institution. Prior Board of Regents approval shall be necessary for investments in or financing to any Business Entity as soon as the cumulative investments and financings is to exceed \$5,000,000 outstanding at any one time.
3. Any investment or financing in an amount less than \$1,000,000 shall not require Chancellor (or designee) approval, but the Institution shall report it to the Chancellor in accordance with Section J of this Policy. The Responsible Official shall have determined that the investment in the Business Entity furthers one or more goals of the Institution and is related to the mission of the Institution. Prior written approval by the Chancellor shall be necessary for investments in or financing to any Business Entity as soon as the cumulative investments and financings is to exceed \$1,000,000 outstanding at any one time.

G. Process for Seeking Approval from the Board of Regents

1. When seeking approval from the Board of Regents under Sections E or F of this Policy, the Responsible Official shall submit a business opportunity assessment prepared with assistance from independent experts. The assessment shall include a description of the product or service; the potential market for the product or service to be offered by the Business Entity; the business opportunities; and the financial risks. The assessment shall also include a plan that describes the financial relationship between the Business Entity and the Institution; operating capital requirements; any anticipated State funding through economic development grant or loan programs; any venture capital relationships; the start-up period of operation and funding; and a financial pro forma for at least five years. Additionally, the Responsible Official shall recommend appropriate performance indicators for the Business Entity.
2. The Responsible Official shall also:
 - a. Describe the legal form of the Business Entity;
 - b. Explain why a separate Business Entity is needed or is preferable;
 - c. Explain how the Business Entity will further one or more goals of the Institution or the USM;
 - d. Explain how the Business Entity is related to the mission of the Institution or the USM;
 - e. Explain how the Business Entity will compete, if at all, with the Institution or the USM;
 - f. Define the composition of the Business Entity's governing body, addressing specifically, any role of the Institution or USM in appointing and removing members of the governing body;
 - g. List the names of any and all USM or Institution employees who will have a role in creation, operation, or management of the Business Entity, along with a description of their respective roles;
 - h. Describe any Public Ethics Law issues presented by the proposal and how they will be resolved, including a specific reference to and addressing matters included in Section 5-525 of the General Provisions Article of the Annotated Code of Maryland;
 - i. Describe any other potential conflict of interest or other problems which might be anticipated at the time Board's approval is sought, e.g., individuals who have potential conflicts regarding compensation; members of the governing board who stand to financially benefit from the activities of the Business Entity; and if the Business Entity might receive goods or services at a below market price as a result of actions of a member of the governing board; and
 - j. Comply with any Board of Regents approved due diligence requirements.
3. A copy of the articles of incorporation or organization must be sent to the Chancellor when the Business Entity files them with the Maryland State Department of Assessments and Taxation or other appropriate government filing office.

H. Compliance with Board of Regents Policy Requirements and State of Maryland Public Ethics Requirements

1. USM and Institutions must operate their Business Entities in compliance with all requirements of this Policy and applicable laws.
2. USM and Institution employees may participate in the operation or governance of a Business Entity only in such circumstances where approved by the Responsible Official and in compliance with Public Ethics laws.
3. Pursuant to State law, a Business Entity shall not offer an educational program (i.e., an organized course of study that leads to the award of a certificate, diploma, or degree) unless it has obtained a certificate of approval from the Maryland Higher Education Commission (MHEC) to operate as an institution of postsecondary education. A Business Entity shall not apply for a certificate of approval from MHEC without first obtaining written approval from the Chancellor (or designee).
4. Without specific approval by the Board of Regents, an Institution may not use a Business Entity to engage in education, research, or service activities in place of the Institution that would ordinarily be performed by the Institution.
5. An Institution may not use a Business Entity for the principal purpose of circumventing law, USM procurement requirements, or any other policy of the Board of Regents.
6. A Business Entity may acquire personal property or real property for the eventual transfer to, or purchase by, the USM or an Institution. However, the Business Entity may not make such acquisitions in a manner inconsistent with Public Ethics Laws that would apply if the USM or its Institutions were directly acquiring said property.
7. An Institution should only establish or manage Business Entities that are organized under Maryland law and that have their primary place of business in Maryland. However, an Institution may seek approval from the Board of Regents to establish or manage a Business Entity to be organized under another jurisdiction's laws or to have its primary place of business outside of Maryland, e.g. where the Business Entity will be created for the purpose of operating in a foreign country and is required by a foreign government to be organized under the laws of the foreign country and/or to have its primary place of business in the foreign country.

I. Termination of Business Entity status

Upon notice to the subject Institution, the Board of Regents may act to rescind and revoke the approval of an Institution to operate a Business Entity. The loss of such approval will require that the Institution end its support or provision of resources, including personnel, to the Business Entity.

J. Reporting to the Chancellor ¹

1. Within 120 days after the end of USM's fiscal year, the President of each Institution shall provide to the Chancellor a report of:
 - a. The Business Entities established by the Institution and any and all subsidiaries and affiliates thereof;

- b. The funds invested in, or financing provided by, the Institution or any affiliated foundation to Business Entities;
 - c. Ownership interests acquired by an Institution or any affiliated foundation in Business Entities;
 - d. The current status of the Business Entities and subsidiaries and affiliates;
 - e. Annual financial audit report for those Business Entities with more than \$1,000,000 in assets or annual revenues at the end of the previous fiscal year end; or a compilation or review of financial statements for those Business Entities with both less than \$1,000,000 in assets and annual revenues at the end of the previous fiscal year end;
 - f. A list of officers and directors of all Business Entities and subsidiaries and affiliates;
 - g. A list of USM or Institution employees who received compensation or other payments, services, or gifts from the Business Entities and subsidiaries and affiliates during the fiscal year and the amount of that compensation or payment, service or gift (but excluding reimbursement of travel or other expenses) as well as a list of USM or Institution employees who provided services to Business Entities and affiliates without compensation; and
 - h. A list of all state and federal contracts and grants managed by the Business Entity and subsidiaries and affiliates during the fiscal year.
2. For good cause, the President of an Institution may request from the Chancellor (or designee) a waiver of the foregoing reporting requirements, or additional time in which to provide such reports. For example, if the Business Entity is a foreign corporation, additional time may be required in order to receive the audit report or financial statements required by Section J.1.e.
 3. The President shall submit an evaluation of whether the Business Entity met the performance indicators recommended to or adopted by the Board of Regents. A President may present alternative information if approved by the Board of Regents or Chancellor (or designee).

K. Reporting by the Chancellor

The Chancellor shall provide to the Board of Regents, Governor, and the General Assembly within 180 days after the end of USM's fiscal year a report of:

1. The Business Entities established in accordance with this Policy;
 2. The funds invested in, and financing provided to, Business Entities in accordance with this Policy;
 3. Ownership interests in any Business Entities established in accordance with this Policy; and
 4. The current status of the Business Entities established in accordance with this Policy.
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¹ The reporting provisions of this Policy also apply to the USM Office or any Institution that received Board of Regents approval for establishing, investing in, financing, or operating a Business Entity since July 1, 1999, even if the approval was prior to the effective date of this Policy.