

UNIVERSITY SYSTEM OF MARYLAND

Financial Statements and Supplemental Data
Together with Report of Independent Public Accountants

For the Years Ended June 30, 2014 and 2013

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Regents
University System of Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the University System of Maryland (the System), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We audited the component unit financial statements of UMBC Research Park Corporation, Inc. and the Bowie State University Foundation, Inc. We did not audit the financial statements of the other component units, which represent 99 percent, 99 percent, and 97 percent, respectively, of the total assets, net assets and unrestricted revenue of the total component units. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinion

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System and its discretely presented component units as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hunt Valley, Maryland
October 24, 2014

SB & Company, LLC

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2014 AND 2013

The 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, 2014 and 2013, with 2012 information for comparative purposes.

Financial Highlights

- Unrestricted net position decreased by \$36,408,352, for the year ended June 30, 2014, compared to an increase of \$122,678,729 for the year ended June 30, 2013.
- State appropriations for the System increased by 3% for the year ended June 30, 2014. For the year ended June 30, 2013, State appropriations increased by 0.7% from the amount received in the year ended June 30, 2012.
- Tuition and fees, after deducting scholarship allowances, decreased by \$14,683,734 or 1.2% for the year ended June 30, 2014. During the year ended June 30, 2013, net tuition and fees, increased by \$21,102,066, or 1.8%.
- For the year ended June 30, 2014, investment income on endowment assets was \$24,291,201, representing investment returns of 13%. Investment income on endowment assets amounted to \$13,403,564, an investment return of 7.0%, for the year ended June 30, 2013.

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 Balance Sheet, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The *Balance Sheet* 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 and liabilities plus deferred inflow 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, revenue 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).

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2014 AND 2013

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 Balance Sheet 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 20 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 20 component units, three are considered major component units due to their significance in terms of size, while the rest are considered non-major component units.

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, 2014, the System's financial health remains strong, with assets exceeding liabilities by \$5,594,953,744, shown on the Balance Sheet as total net position. This compares with total net position of \$5,423,238,018, as of June 30, 2013. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2014, total net position increased by \$171,715,726. Net investment in capital assets increased by \$201,384,004, while unrestricted net position decreased by \$36,408,352, and restricted net position categories increased by \$6,740,074.

Unrestricted net position represents the portion of assets, after taking into account liabilities, which can be used to meet ongoing obligations and fund new initiatives. The \$36,408,352 decrease in unrestricted net position for the year ended June 30, 2014, is attributable to declines in enrollment and a transfer of \$31 million, recognized as a reduction of State appropriations, back to the State of Maryland.

As of June 30, 2013, the System's assets exceeded liabilities by \$5,423,238,018. This compares with total net position of \$5,058,483,979 as of June 30, 2012.

For the year ended June 30, 2013, total net position increased by \$364,754,039. Net investment in capital assets increased by \$248,090,907, while unrestricted net position increased \$122,678,729, and restricted net position categories decreased by \$6,015,597.

The \$122,678,729 increase in unrestricted net position for the year ended June 30, 2013, is attributable to continuing institutional efforts to limit expenditures, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**

The table below presents summary-level information of the System's assets, liabilities, and net position as of June 30, 2014, 2013 and 2012.

**Condensed Balance Sheet
June 30, 2014, 2013 and 2012**

	2014	2013	2012
Current and other assets	\$2,516,361,486	\$2,425,856,576	\$2,316,223,582
Capital assets, net	5,456,115,475	5,273,348,180	5,013,671,829
Total assets	7,972,476,961	7,699,204,756	7,329,895,411
Deferred outflows of resources	18,492,974	21,666,120	17,827,438
Total assets and deferred outflows of resources	<u>\$7,990,969,935</u>	<u>\$7,720,870,876</u>	<u>\$7,347,722,849</u>
Debt and obligations under capital lease agreements	\$1,289,599,547	\$1,217,444,474	\$1,188,186,295
Other liabilities	744,061,007	699,476,706	668,651,521
Total liabilities	<u>2,033,660,554</u>	<u>1,916,921,180</u>	<u>1,856,837,816</u>
Deferred inflows of resources	362,355,637	380,711,678	432,401,054
Net position:			
Net investment in capital assets	3,934,645,045	3,733,261,041	3,485,170,134
Restricted	254,606,040	247,865,966	253,881,563
Unrestricted	1,405,702,659	1,442,111,011	1,319,432,282
Total net position	<u>5,594,953,744</u>	<u>5,423,238,018</u>	<u>5,058,483,979</u>
Total liabilities, deferred inflows of resources and net position	<u>\$7,990,969,935</u>	<u>\$7,720,870,876</u>	<u>\$7,347,722,849</u>

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**

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, 2014, 2013 and 2012.

**Condensed Statements of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2014, 2013 and 2012**

	2014	2013	2012
Operating revenues	\$3,174,792,691	\$3,185,101,706	\$3,140,131,091
Operating expenses	4,453,964,164	4,293,338,895	4,161,427,083
Operating loss	(1,279,171,473)	(1,108,237,189)	(1,021,295,992)
State appropriations	1,103,095,560	1,070,834,339	1,063,371,086
Other nonoperating	159,559,957	212,230,547	163,051,998
Total nonoperating	1,262,655,517	1,283,064,886	1,226,423,084
(Loss) income before other revenues	(16,515,956)	174,827,697	205,127,092
Other revenues	188,231,682	189,926,342	181,757,468
Increase in net position	171,715,726	364,754,039	386,884,560
Net position, beginning of year	5,423,238,018	5,058,483,979	4,671,599,419
Net position, end of year	\$5,594,953,744	\$5,423,238,018	\$5,058,483,979

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

For the years ended June 30, 2014, 2013 and 2012, operating revenues, which under the definitions used by the Governmental Accounting Standards Board (GASB) excludes state appropriations, are detailed below:

	2014		2013		2012	
	\$	%	\$	%	\$	%
Tuition and fees, net	\$1,173,085,622	37.0%	\$1,187,769,356	37.3%	\$1,166,667,290	37.2%
Contracts and grants	1,035,379,978	32.6	1,097,258,431	34.5	1,109,702,556	35.3
Sales and services of educational departments	311,924,297	9.8	287,007,719	9.0	257,697,032	8.2
Auxiliary enterprises, net	580,999,408	18.3	551,408,145	17.3	548,111,213	17.5
Other operating	73,403,386	2.3	61,658,055	1.9	57,953,000	1.8
Total	\$3,174,792,691	100.0%	\$3,185,101,706	100.0%	\$3,140,131,091	100.0%

Enrollment declined slightly, most notably at the University of Maryland University College from the year ended June 30, 2013 to 2014. Tuition and fees reflect increases in resident undergraduate and graduate student rates, and non-resident rates and other student charges enacted for the years ended 2014, 2013 and 2012. Fee increases for residence halls and dining facilities account for the increase in revenue from auxiliary enterprise activities for the year ended June 30, 2014.

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**

For the years ended June 30, 2014, 2013 and 2012, operating expenses are detailed below:

	2014		2013		2012	
	\$	%	\$	%	\$	%
Instruction	\$1,173,522,028	26.3%	\$1,139,913,339	26.5%	\$1,101,099,773	26.5%
Research	924,899,646	20.8	931,958,951	21.7	922,874,070	22.2
Public service	152,924,530	3.4	152,996,481	3.6	157,554,254	3.8
Academic support	425,738,777	9.6	411,613,583	9.6	380,187,264	9.1
Student services	211,645,833	4.8	198,424,948	4.6	192,285,983	4.6
Institutional support	419,066,424	9.4	386,575,951	9.0	364,278,425	8.8
Operation and maintenance of plant	332,965,938	7.5	298,788,447	7.0	316,887,436	7.6
Scholarships and fellowships	105,263,838	2.4	100,959,500	2.4	90,510,504	2.2
Auxiliary enterprises	528,145,211	11.8	498,923,433	11.6	480,543,544	11.5
Hospital	179,791,939	4.0	173,184,262	4.0	155,205,830	3.7
Total	\$4,453,964,164	100.0%	\$4,293,338,895	100.0%	\$4,161,427,083	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 year ended June 30, 2014, increases in employee costs of \$96,021,121, represent the largest component of the overall increase in operating expenses over the year ended June 30, 2013, with the largest increase associated with employee costs for Instruction activities.

For the years ended June 30, 2013 and 2012, there were increases in employee costs of \$95,355,996 and \$133,323,249, respectively, representing the largest component of the overall increase in operating expenses from the previous fiscal year. For both 2014 and 2013, the largest increases associated with employee benefits were for Instruction activities.

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2014 AND 2013**

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
- maintainance and renewal needs for existing facilities.

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

Funding source	2014	2013	2012
State of Maryland debt proceeds or cash balances	\$181,125,898	\$149,231,513	\$172,854,822
System debt proceeds	107,485,870	159,223,347	133,013,284
System cash balances or donations	177,181,392	218,842,585	186,301,220
Total	\$465,793,160	\$527,297,445	\$492,169,326

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

Project	Institution	Cost
Year ended June 30, 2014		
Physical Sciences Complex	University of Maryland, College Park	\$126,474,123
Student Center	Bowie State University	42,700,000
Year ended June 30, 2013		
John and Frances Angelos Law Center	University of Baltimore	107,279,000
Towson Center Arena	Towson University	73,000,000
Year ended June 30, 2012		
Performing Arts and Humanities Facility	University of Maryland, Baltimore County	81,703,000
College of Liberal Arts	Towson University	78,325,000
Performing Arts Center	Bowie State University	67,453,000

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2014 AND 2013

In August 2003, the System issued Revolving Loan Program Bonds to provide a pool of funds to finance the acquisition of personal property on a revolving basis. On June 1, 2013, the System redeemed \$15,000,000 of the Revolving Loan Program Bonds. The remaining principal balance of \$35,000,000 was remarketed for five years at a multi-annual interest rate of 1.25% and mature on July 1, 2023.

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, 2013 and 2014, as follows:

Revenue Bond Issuance	Date	Purpose	Total Par Value Issued	Present Value of Future Debt Service Savings
2012 Series C and D	10/6/2012	Refinancing, construction and facilities renewal	\$169,005,000	\$5,281,851
2014 Series A and B	2/5/2014	Refinancing, constructing and facilities renewed	151,480,000	559,717

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.

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 revenue base.

Across all student categories, enrollment is expected to continue to increase over the next ten years, with just under 11% more full-time equivalent students anticipated by the fall 2023. Preliminary fall 2014 enrollment indicates an increase in headcount enrollment of just over 8,900 students, most significantly at the University of Maryland University College, which has preliminarily reported an increase of more than 8,600 in terms of headcount, and more than 3,500 students on a full-time basis.

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 contract and grants are an important funding source for the institution's administrative costs. The Federal Budget Control Act places limits on Federal government spending through a legislative process 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.

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2014 AND 2013

In February of 2009, as part of the American Recovery and Reinvestment Act, the Federal government established a program where tax-exempt issuers of debt would issue bonds, referred to as Build America Bonds, which would produce interest income that is taxable to those who buy and hold the bonds. Under the terms of the program, which ended December 31, 2010, the Federal government is to reimburse the issuer for 35% of the interest payments made on Build America Bonds. The University System of Maryland has issued \$206,465,000 of Build America Bonds. On March 1, 2013, the Budget Control Act of 2011 also referred to as the Sequester went into effect. This reduced the 35% credit payment due under the Build America Bond Program by 8.7% in Federal fiscal year 2013, 7.2% in Federal fiscal year 2014 and 7.3% in Federal fiscal year 2015. It is expected that the sequester cut will continue through Federal fiscal year 2024 at the rate of 7.2%.

As a region with a significant Federal government employee population, the potential for significant reductions in Federal spending in all likelihood will 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 state-wide economic activity and work-force development.

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

Changes in Governmental Accounting Standards

In June 2012, the Governmental Accounting Standards Board (GASB) approved a new accounting standard that makes substantial changes to the accounting and financial reporting of pension plans. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, addresses financial reporting for state and local government pension obligations. GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, for most public employee pension plans and replaces the requirements of GASB Statement No. 50, *Pension Disclosures*, for those governments and public pension plans. Under GASB Statement No. 68, state and local governments, including state university employers, will be required to reflect a portion of the unfunded actuarial liability of pension plans based on the relative proportions of annual funding contributions.

The System's share of the unfunded liability will be calculated by dividing the System's contribution to the Maryland State Retirement and Pension System (the State System) by the total contributions to the State System, with the resulting proportion multiplied by the State System's unfunded liability to arrive at the amount to be reported on the System's Balance Sheet. The State System's unfunded actuarial accrued liability as of June 30, 2014 was \$19,562,274,000. For the year ended June 30, 2014, the System contributed \$94,349,914 to the State System. Total contributions to the State System were \$1,734,652,000 during fiscal year 2014.

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 and Chief Operating Officer, 3300 Metzert Road, Adelphi, MD 20783.

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30, 2014	June 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,773,647,983	\$1,820,390,529
Accounts receivable, net	267,610,211	268,855,816
Notes receivable, current portion, net	8,379,623	7,728,081
Inventories	10,320,623	10,271,714
Prepaid expenses and other	10,776,894	9,038,098
Total current assets	2,070,735,334	2,116,284,238
Noncurrent assets:		
Restricted cash and cash equivalents	120,156,870	51,390,989
Endowment investments	260,085,355	192,920,622
Other investments	8,074,194	6,693,185
Notes receivable, net	57,309,733	58,567,542
Capital assets, net	5,456,115,475	5,273,348,180
Total noncurrent assets	5,901,741,627	5,582,920,518
Total assets	7,972,476,961	7,699,204,756
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refundings of debt	18,492,974	21,666,120
Total assets and deferred outflows of resources	\$7,990,969,935	\$7,720,870,876
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$349,447,185	\$310,619,251
Accrued workers' compensation, current portion	4,744,085	4,375,805
Accrued vacation costs, current portion	98,254,183	89,344,370
Revenue bonds and notes payable, current portion	86,816,745	79,050,151
Obligations under capital lease agreements, current portion	1,184,141	1,104,394
Unearned revenue	168,449,166	177,345,393
Total current liabilities	708,895,505	661,839,364
Noncurrent liabilities:		
Accrued workers' compensation	25,862,915	23,855,195
Accrued vacation costs	97,303,473	93,936,692
Revenue bonds and notes payable	1,191,477,149	1,125,984,275
Obligations under capital lease agreements	10,121,512	11,305,654
Total noncurrent liabilities	1,324,765,049	1,255,081,816
Total liabilities	2,033,660,554	1,916,921,180
DEFERRED INFLOWS OF RESOURCES		
Deferred service concession arrangement receipts	362,355,637	380,711,678
NET POSITION		
Unrestricted	1,405,702,659	1,442,111,011
Net investment in capital assets	3,934,645,045	3,733,261,041
Restricted:		
Nonexpendable:		
Scholarships and fellowships	15,825,794	15,729,733
Research	4,060,103	4,055,554
Other	16,854,045	16,518,773
Expendable:		
Scholarships and fellowships	38,022,736	37,653,479
Research	76,172,765	69,959,016
Loans	69,310,705	71,207,868
Capital projects	5,827,559	5,651,220
Other	28,532,333	27,090,323
Total net position	5,594,953,744	5,423,238,018
Total liabilities, deferred inflows of resources and net position	\$7,990,969,935	\$7,720,870,876

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, COMPONENT UNITS
JUNE 30, 2014**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
ASSETS					
Current assets					
Cash	\$215,000	\$25,930,022		\$21,766,930	\$47,911,952
Accounts receivable, net	6,806,000	28,567,192	\$17,349,907	10,031,582	62,754,681
Other assets	20,364,000	749,562		578,175	21,691,737
Total current assets	27,385,000	55,246,776	17,349,907	32,376,687	132,358,370
Investments					
Endowment investments	220,025,000	273,089,783	146,938,616	208,557,914	848,611,313
Other investments	363,419,000	55,730,340	60,566,661	28,465,274	508,181,275
Total investments	583,444,000	328,820,123	207,505,277	237,023,188	1,356,792,588
Noncurrent assets					
Accounts receivable, net	4,689,000	21,817,010	17,367,749	7,600,684	51,474,443
Capital assets, net	13,309,000	1,528,517		13,321,148	28,158,665
Other assets	423,000	702,627	4,950,201	3,143,564	9,219,392
Total other assets	18,421,000	24,048,154	22,317,950	24,065,396	88,852,500
Total assets	\$629,250,000	\$408,115,053	\$247,173,134	\$293,465,271	\$1,578,003,458
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$2,563,000	\$9,770,069	\$3,954,856	\$4,695,195	\$20,983,120
Long-term debt, current				1,827,721	1,827,721
Deferred income	2,678,000	1,856,118		7,339,625	11,873,743
Total current liabilities	5,241,000	11,626,187	3,954,856	13,862,541	34,684,584
Noncurrent liabilities					
Other payables	52,064,174	3,084,050	1,056,009	4,044,613	60,248,846
Due to primary government	259,964,826				259,964,826
Long-term debt, noncurrent				5,451,912	5,451,912
Total other liabilities	312,029,000	3,084,050	1,056,009	9,496,525	325,665,584
Total liabilities	317,270,000	14,710,237	5,010,865	23,359,066	360,350,168
NET ASSETS					
Unrestricted	67,719,000	13,188,346	29,784,875	36,698,060	147,390,281
Temporarily restricted:					
Scholarships & fellowships	19,694,000	45,223,000	9,355,885	32,749,898	107,022,783
Research	15,048,000	9,767,000	8,616,314	769,200	34,200,514
Other	37,426,000	101,386,864	61,936,923	66,440,006	267,189,793
Permanently restricted:					
Scholarships & fellowships	96,356,000	84,131,000	30,068,402	70,280,596	280,835,998
Research	2,417,000	1,119,000	2,200,541	367,517	6,104,058
Other	73,320,000	138,589,606	100,199,329	62,800,928	374,909,863
Total net assets	311,980,000	393,404,816	242,162,269	270,106,205	1,217,653,290
Total liabilities and net assets	\$629,250,000	\$408,115,053	\$247,173,134	\$293,465,271	\$1,578,003,458

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, COMPONENT UNITS
JUNE 30, 2013**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
ASSETS					
Current assets					
Cash	\$134,000	\$17,426,872	\$157,014	\$24,903,989	\$42,621,875
Accounts receivable, net	74,598,000	28,292,348	14,510,723	4,937,729	122,338,800
Other assets	282,000	184,488		534,402	1,000,890
Total current assets	75,014,000	45,903,708	14,667,737	30,376,120	165,961,565
Investments					
Endowment investments	225,682,000	244,725,820	128,291,957	180,117,272	778,817,049
Other investments	284,021,000	53,369,262	53,533,012	25,493,472	416,416,746
Total investments	509,703,000	298,095,082	181,824,969	205,610,744	1,195,233,795
Noncurrent assets					
Accounts receivable, net	5,119,000	25,864,477	15,377,755	12,708,083	59,069,315
Capital assets, net	10,382,000	100,000		5,833,980	16,315,980
Other assets	407,000	777,840	5,179,829	4,014,258	10,378,927
Total other assets	15,908,000	26,742,317	20,557,584	22,556,321	85,764,222
Total assets	\$600,625,000	\$370,741,107	\$217,050,290	\$258,543,185	\$1,446,959,582
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$71,064,000	\$4,880,957	\$1,600,761	\$5,745,564	\$83,291,282
Long-term debt, current				1,948,018	1,948,018
Deferred income	2,315,000	2,158,683		7,272,025	11,745,708
Total current liabilities	73,379,000	7,039,640	1,600,761	14,965,607	96,985,008
Noncurrent liabilities					
Other payables	46,728,768	3,146,534	1,234,403	3,829,739	54,939,444
Due to primary government	192,797,232				192,797,232
Long-term debt, noncurrent				318,014	318,014
Total other liabilities	239,526,000	3,146,534	1,234,403	4,147,753	248,054,690
Total liabilities	312,905,000	10,186,174	2,835,164	19,113,360	345,039,698
NET ASSETS					
Unrestricted	62,731,000	10,265,864	20,128,368	33,164,013	126,289,245
Temporarily restricted:					
Scholarships & fellowships	19,289,000	37,446,000	7,226,401	21,881,400	85,842,801
Research	11,625,000	9,957,000	8,511,724	627,004	30,720,728
Other	34,422,000	91,724,328	55,277,255	56,540,201	237,963,784
Permanently restricted:					
Scholarships & fellowships	88,415,000	76,829,000	27,534,841	68,770,894	261,549,735
Research	2,340,000	1,081,000	1,010,474	356,478	4,787,952
Other	68,898,000	133,251,741	94,526,063	58,089,835	354,765,639
Total net assets	287,720,000	360,554,933	214,215,126	239,429,825	1,101,919,884
Total liabilities and net assets	\$600,625,000	\$370,741,107	\$217,050,290	\$258,543,185	\$1,446,959,582

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Year ended June 30, 2014	Year ended June 30, 2013
OPERATING REVENUES:		
Tuition and fees	\$1,430,969,232	\$1,433,382,221
Less: scholarship allowances	<u>(257,883,610)</u>	<u>(245,612,865)</u>
Federal grants and contracts	643,648,177	691,994,706
State and local grants and contracts	205,108,353	188,065,280
Nongovernmental grants and contracts	186,623,448	217,198,445
Sales and services of educational departments	311,924,297	287,007,719
Auxiliary enterprises:		
Residential facilities	168,435,935	163,147,129
Less: scholarship allowances	<u>(11,409,662)</u>	<u>(13,346,944)</u>
Dining facilities	119,849,411	115,694,298
Less: scholarship allowances	<u>(7,587,679)</u>	<u>(8,165,031)</u>
Intercollegiate athletics	107,307,995	95,851,126
Less: scholarship allowances	<u>(5,045,911)</u>	<u>(4,603,108)</u>
Bookstore	26,629,359	27,778,782
Less: scholarship allowances	<u>(1,627,436)</u>	<u>(1,599,367)</u>
Parking facilities	40,573,133	38,875,667
Other auxiliary enterprises revenues	143,899,839	137,815,456
Less: scholarship allowances	<u>(25,576)</u>	<u>(39,863)</u>
Other operating revenues	<u>73,403,386</u>	<u>61,658,055</u>
Total operating revenues	<u>3,174,792,691</u>	<u>3,185,101,706</u>
OPERATING EXPENSES:		
Instruction	1,173,522,028	1,139,913,339
Research	924,899,646	931,958,951
Public service	152,924,530	152,996,481
Academic support	425,738,777	411,613,583
Student services	211,645,833	198,424,948
Institutional support	419,066,424	386,575,951
Operation and maintenance of plant	332,965,938	298,788,447
Scholarships and fellowships	105,263,838	100,959,500
Auxiliary enterprises:		
Residential facilities	146,670,981	136,208,180
Dining facilities	109,969,872	105,843,280
Intercollegiate athletics	100,307,139	89,937,185
Bookstore	25,096,550	27,352,051
Parking facilities	25,199,814	25,342,513
Other auxiliary enterprises expenses	120,900,855	114,240,224
Hospital	<u>179,791,939</u>	<u>173,184,262</u>
Total operating expenses	<u>4,453,964,164</u>	<u>4,293,338,895</u>
Operating loss	<u>(1,279,171,473)</u>	<u>(1,108,237,189)</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	1,103,095,560	1,070,834,339
Pell grants	135,772,355	134,134,086
Gifts	39,801,377	44,631,760
Investment income	48,505,616	33,695,044
Less: Investment expense	<u>(713,354)</u>	<u>(703,636)</u>
Interest on indebtedness	47,792,262	32,991,408
Interest on indebtedness	(46,548,257)	(45,504,869)
Other revenues, (expenses), gains and (losses)	<u>(17,257,780)</u>	<u>45,978,162</u>
Total net nonoperating revenues	<u>1,262,655,517</u>	<u>1,283,064,886</u>
(Loss) income before other revenues	<u>(16,515,956)</u>	<u>174,827,697</u>
OTHER REVENUES:		
Capital appropriations	181,125,898	149,213,513
Capital gifts and grants	6,691,877	38,107,205
Additions to permanent endowments	<u>413,907</u>	<u>2,605,624</u>
Total other revenues	<u>188,231,682</u>	<u>189,926,342</u>
Increase in net position	<u>171,715,726</u>	<u>364,754,039</u>
Net position - beginning of year	<u>5,423,238,018</u>	<u>5,058,483,979</u>
Net position - end of year	<u><u>\$5,594,953,744</u></u>	<u><u>\$5,423,238,018</u></u>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENTS OF NET ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2014

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$4,656,000		\$12,163,179	\$6,427,952	\$23,247,131
Investment income	6,940,000	\$6,248,999	6,811,922	4,868,113	24,869,034
Other income	5,803,000	2,870,246	512,903	6,429,776	15,615,925
Assets released from restrictions	17,127,000	35,445,555	16,333,535	17,504,461	86,410,551
Total revenues	34,526,000	44,564,800	35,821,539	35,230,302	150,142,641
Expenses					
Program	21,507,741	40,055,091	24,352,324	24,504,873	110,420,029
General & administrative	5,227,000	1,414,510	1,606,617	4,034,196	12,282,323
Fundraising	2,792,000	172,717	217,349	1,344,064	4,526,130
Other expense				1,716,862	1,716,862
Total expenses	29,526,741	41,642,318	26,176,290	31,599,995	128,945,344
Transfer per Board resolution	(11,259)		11,259		
Change in unrestricted net assets	4,988,000	2,922,482	9,656,508	3,630,307	21,197,297
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	11,219,000	26,522,903	13,082,481	12,269,937	63,094,321
Investment income	12,775,131	26,634,671	12,069,273	25,335,422	76,814,497
Other income (loss)		(427,806)	40,392	1,487,242	1,099,828
Assets released from restrictions	(17,127,000)	(35,480,232)	(16,333,535)	(18,182,102)	(87,122,869)
Transfer per Board resolution	(35,131)		35,131		
Change in temporarily restricted net assets	6,832,000	17,249,536	8,893,742	20,910,499	53,885,777
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	1,902,000	12,394,709	9,396,893	2,601,351	26,294,953
Investment income	10,538,000			2,831,906	13,369,906
Other income		248,479		24,676	273,155
Assets released from restrictions		34,677		677,641	712,318
Change in permanently restricted net assets	12,440,000	12,677,865	9,396,893	6,135,574	40,650,332
Total change in net assets	24,260,000	32,849,883	27,947,143	30,676,380	115,733,406
Net assets - beginning of year	287,720,000	360,554,933	214,215,126	239,429,825	1,101,919,884
Net assets - end of year	\$311,980,000	\$393,404,816	\$242,162,269	\$270,106,205	\$1,217,653,290

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENTS OF NET ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2013**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$2,263,000		\$8,109,072	\$3,997,393	\$14,369,465
Investment income	3,892,000	\$4,769,084	556,284	3,441,533	12,658,901
Other income	4,578,000	1,134,081	412,521	7,868,394	13,992,996
Assets released from restrictions	17,162,000	39,146,149	14,648,958	30,703,689	101,660,796
Total revenues	27,895,000	45,049,314	23,726,835	46,011,009	142,682,158
Expenses					
Program	21,252,681	46,345,339	20,184,448	36,907,747	124,690,215
General & administrative	5,052,000	1,107,025	1,595,456	3,492,784	11,247,265
Fundraising	4,792,000	185,935	950,643	1,106,068	7,034,646
Other expense				2,560,534	2,560,534
Total expenses	31,096,681	47,638,299	22,730,547	44,067,133	145,532,660
Transfer per Board resolution	(18,319)		18,319		
Change in unrestricted net assets	(3,220,000)	(2,588,985)	1,014,607	1,943,876	(2,850,502)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	10,595,000	27,344,817	15,092,229	15,800,348	68,832,394
Investment income	8,663,000	12,562,037	9,408,615	15,982,887	46,616,539
Other income (loss)		(364,965)		1,488,871	1,123,906
Assets released from restrictions	(17,162,000)	(38,945,817)	(14,648,958)	(31,439,473)	(102,196,248)
Transfer per Board resolution	(20,000)		20,000		
Change in temporarily restricted net assets	2,076,000	596,072	9,871,886	1,832,633	14,376,591
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	7,762,000	7,629,855	9,851,945	4,737,749	29,981,549
Investment income	4,032,000			1,425,659	5,457,659
Other income		91,045		15,443	106,488
Assets released from restrictions		(200,332)		735,784	535,452
Change in permanently restricted net assets	11,794,000	7,520,568	9,851,945	6,914,635	36,081,148
Total change in net assets	10,650,000	5,527,655	20,738,438	10,691,144	47,607,237
Net assets - beginning of year	277,070,000	355,027,278	193,476,688	228,738,681	1,054,312,647
Net assets - end of year	\$287,720,000	\$360,554,933	\$214,215,126	\$239,429,825	\$1,101,919,884

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$1,179,999,658	\$1,187,346,510
Research contracts and grants	1,032,474,188	1,125,325,398
Payments to employees	(2,889,005,385)	(2,809,241,146)
Payments to suppliers and contractors	(1,266,198,274)	(1,175,107,072)
Loans issued to students	(10,676,861)	(9,332,750)
Collections of loans to students	10,900,926	10,017,321
Auxiliary enterprises:		
Residential facilities	139,014,391	130,380,620
Dining facilities	113,215,235	107,507,187
Intercollegiate athletics	78,995,292	72,164,684
Bookstore	26,012,546	25,998,462
Parking facilities	40,483,671	38,882,727
Other	143,625,991	137,423,886
Other receipts	450,994,870	407,644,252
Net cash used by operating activities	(950,163,752)	(750,989,921)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,103,095,560	1,070,834,339
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	413,907	2,605,624
Pell grants	135,772,355	134,134,086
Net cash provided by noncapital financing activities	1,239,281,822	1,207,574,049
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	171,618,897	186,517,107
Capital appropriations	181,125,898	149,213,513
Capital grants and gifts received	4,125,401	23,027,912
Proceeds from sales of capital assets	278,509	1,870,459
Purchases of capital assets	(461,130,664)	(516,053,770)
Principal paid on debt and capital leases	(92,831,976)	(156,040,603)
Interest paid on debt and capital leases	(49,351,385)	(53,017,193)
Net cash used by capital and related financing activities	(246,165,320)	(364,482,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	10,338,593	33,218,570
Interest on investments	22,638,357	18,610,882
Investment expense	(713,354)	(927,297)
Purchases of investments	(53,193,011)	(585,434)
Net cash provided (used) by investing activities	(20,929,415)	50,316,721
Net increase in cash and cash equivalents	22,023,335	142,418,274
Cash and cash equivalents - beginning of the year	1,871,781,518	1,729,363,244
Cash and cash equivalents - end of the year	\$1,893,804,853	\$1,871,781,518
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SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Gifts and contributions of capital assets	\$2,566,475	\$12,712,643
Changes in unrealized appreciation on investments	24,291,203	13,383,800
<hr/>		
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	(\$1,279,171,473)	(\$1,108,237,189)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	274,586,993	264,593,814
Amortization of deferred service concession arrangement receipts	(18,356,041)	(51,689,376)
Gifts and other revenues, (expenses), gains, and (losses)	22,543,597	90,609,922
Changes in assets and liabilities:		
Accounts receivables, net	1,245,605	13,511,628
Inventories	(48,909)	1,617,795
Prepaid expenses and deferred charges	(1,738,796)	(1,945,767)
Notes receivable	606,267	1,931,921
Accounts payable and accrued liabilities	44,412,638	45,888,518
Unearned revenue	(8,896,227)	(14,345,128)
Accrued vacation	12,276,594	7,477,941
Accrued workers' compensation	2,376,000	(404,000)
Net cash used by operating activities	(\$950,163,752)	(\$750,989,921)

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

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 and public service entities conduct basic and applied research, and transfer new technology to constituencies. The administrative unit includes the System Chancellor and staff who serve as support to 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 reflected.

The System has recognized, as affiliated foundations, twenty 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 twenty 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 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 YEARS ENDED JUNE 30, 2014 AND 2013

The following affiliated foundations are considered nonmajor component units:

Medical Alumni Association of the University of Maryland, Inc.
M Club Foundation, University of Maryland, Inc.
The Robert H. Smith School of Business Foundation, Inc.
Harry R. Hughes Center for Agro-Ecology, Inc.
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.
The Ward Foundation, Inc.
The Maryland 4-H Foundation, Inc.
University Research Corporation International, Inc.
The Maryland Center @ Bowie State University, Inc.
University of Maryland, Baltimore County Research Park Corporation, Inc.
Maryland Hawk Corporation
Towson University Public Media, Inc.

During the years ended June 30, 2014 and 2013, the foundations distributed approximately \$79,645,000 and \$106,696,000 respectively, to the System including its institutions for both restricted and unrestricted purposes.

All of the System's component units are nongovernmental entities that prepare financial statements using the principals and accounting standards promulgated by the Financial Accounting Standards Board (FASB).

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

The University of Maryland, Baltimore provides services to hospital and critical care facilities under contractual arrangements with the State. The expenditures relating to these activities are reported within the Hospital functional category. The revenues derived from these activities are reported primarily as Sales and services of educational departments.

Measurement Focus and Basis of Accounting - For financial reporting purposes, the System is considered a special-purpose government 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.

Application of Accounting Standards - The System has the option to apply all FASB pronouncements issued after November 30, 1989, except for instances in which a pronouncement of the FASB conflicts with pronouncements of the GASB. The System has elected to not apply FASB pronouncements issued after November 30, 1989.

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.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

Operating and Nonoperating Revenue and Expenses - Operating revenue 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 revenue, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenue and expenses. Generally accepted accounting principles defines 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 market 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 fair market 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

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

Deferred Outflows/Inflows of Resources - In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate reporting element, deferred outflows of resource, 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 balance sheet will sometimes report a separate section for deferred inflows of resources. This separate reporting 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.

Reclassifications - Certain amounts for the year ended June 30, 2013, have been reclassified to conform with the presentation for the year ended June 30, 2014.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Change in accounting principles - The System has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 27*; and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB also issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, effective for fiscal year ending June 30, 2015. As part of GASB 68, the System will be required to record its share of the State's net unfunded pension liability. The System's share of the unfunded liability will be calculated by dividing the System's contribution to the Maryland State Retirement and Pension System (the State System) by the total contributions to the State System multiplied by the State System's unfunded liability. The State System's unfunded actuarial accrued liability as of June 30, 2014 was \$19,562,274,000. For the year ended June 30, 2014, the System contributed \$94,349,914 to the State System. Total contributions to the State System were \$1,734,652,000 during fiscal year 2014. The System has not calculated its share of the State System's liability as of June 30, 2014; however, the System is analyzing the effects of these pronouncements, which is expected to be material, and plans to adopt them by their effective dates.

3. CASH AND INVESTMENTS

Cash and cash equivalents

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

	<u>2014</u>	<u>2013</u>
Cash and short-term investments on deposit with the State Treasurer	\$1,740,271,643	\$1,776,421,823
Demand and time deposits	33,376,340	43,968,706
Total	<u>\$1,773,647,983</u>	<u>\$1,820,390,529</u>

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

As of June 30, 2014 and 2013, the carrying amount of the System's demand and time deposits was \$33,376,340 and \$43,968,706, as compared to bank balances of \$32,179,516 and \$48,125,276, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$25,520,956 and \$41,580,724 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 \$6,658,560 and \$6,544,552 was uninsured and uncollateralized as of June 30, 2014 and 2013, respectively.

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.

Money market accounts used for unrestricted cash and cash equivalents are not rated by rating agencies.

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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

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

	<u>2014</u>	<u>2013</u>
Money market accounts – endowment fund uninvested cash	\$47,280	\$48,147
Money market accounts – unspent proceeds of debt	120,109,590	51,342,842
Total	<u>\$120,156,870</u>	<u>\$51,390,989</u>

Unspent proceeds and other restricted debt-related trust account balances and endowment funds 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 University System of Maryland Foundation, Inc., (USMF) in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the University System of Maryland Foundation, Inc. During the year ended June 30, 2014, the System transferred an additional \$50 million under legislative authority enacted in 2013.

In June 2011, the System entered into a new agreement with the USMF. Beginning with fiscal year 2012, the per annum fee to be paid to the USMF for investment management services is to be 0.37% of the beginning of the year market value of managed 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 University System of Maryland Foundation, Inc., to maintain investments for certain minimum time periods may not be returned to the System until those constraints have been satisfied.

Investments in the University System of Maryland Foundation, Inc. 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 investments are reported as Endowment Investments on the Balance Sheet of the University System of Maryland, and Investments on the Balance Sheet of the University System of Maryland Foundation, Inc., with a corresponding liability reflecting the fair value of the System's interest in the investment portfolio.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

The System discloses investment risks, below.

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.

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 University System of Maryland Foundation, Inc. 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 University System of Maryland Foundation, Inc.

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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Endowment investments

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

	2014	2013
Corporate debt	\$17,625	\$17,625
Corporate equities	102,904	83,229
Certificate of deposits		22,536
Assets invested with University System of Maryland Foundation, Inc.	259,964,826	192,797,232
Total	<u>\$260,085,355</u>	<u>\$192,920,622</u>

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

	2014	2013
Pure endowments	\$134,595,173	\$128,566,255
Funds functioning as endowments	121,699,159	63,511,672
Term endowments	3,791,023	3,502,470
Total	<u>\$260,085,355</u>	<u>\$195,580,397</u>

Endowment fund balances includes \$2,659,775 held with the State Treasurer as of June 30, 2013.

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.

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 4.65% 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 \$97,855,232 and \$92,262,195 as of June 30, 2014 and 2013, respectively. Reinvestments of net appreciation are considered to be subject to donor spending restrictions, and accordingly, are reflected as a component of restricted, expendable net assets.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

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 a partnership 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. The carrying value of other investments is assessed on an annual basis by reference to the reported value of the University's partnership interest.

Allocation of investment income

Investment income is assigned to accounting funds, including endowments, in proportions associated with investments held by the various accounting funds. For the years ended June 30, 2014 and 2013, investment income attributed to unrestricted funds and restricted funds was:

	<u>2014</u>	<u>2013</u>
Unrestricted funds	\$33,878,165	\$23,634,631
Restricted funds	14,627,451	10,060,413
Total investment income	<u>\$48,505,616</u>	<u>\$33,695,044</u>

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

Major component units

The University System of Maryland Foundation, Inc. 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 included in the investments reported by the University System of Maryland Foundation, Inc.

As of June 30, 2014 and 2013, major component unit investments, recorded at fair value, were:

University System of Maryland Foundation, Inc.

	<u>2014</u>	<u>2013</u>
Money market funds and short-term investments	\$29,845,000	\$137,069,000
Corporate and municipal bonds	29,266,000	21,468,000
Equities and mutual funds	193,997,000	113,637,000
U.S. treasury notes and bonds	5,944,000	3,579,000
U.S. agencies	74,000	1,313,000
Collateral mortgage obligations and asset and mortgage-backed securities	495,000	8,511,000
Absolute return	300,347,000	227,626,000
Long and short equity hedge funds	305,048,000	237,119,000
Private capital	100,317,000	99,257,000
Real estate and energy and natural resources	159,353,000	145,087,000
	<hr/>	<hr/>
Total	1,124,686,000	994,666,000
Due to other foundations	<u>(541,242,000)</u>	<u>(484,963,000)</u>
	<hr/>	<hr/>
Total Investments	583,444,000	509,703,000
Due to primary government	<u>(259,964,826)</u>	<u>(192,797,232)</u>
	<hr/>	<hr/>
Total University System of Maryland Foundation Investments	<u>\$323,479,174</u>	<u>\$316,905,768</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

University of Maryland College Park Foundation, Inc.

	<u>2014</u>	<u>2013</u>
Short-term investments	\$16,609,347	\$16,075,094
Cash equivalents and short term securities	509,613	436,143
Mutual funds	5,457,791	4,940,282
Bonds	5,601,000	5,801,000
Maryland Proton Treatment Center, LLC	1,000,000	1,000,000
Investments in special strategies - USMF	<u>299,642,372</u>	<u>271,928,394</u>
Total	328,820,123	300,180,913
Due to other foundations	<u>(3,602)</u>	<u>(2,085,831)</u>
Total Investments	<u>\$328,816,521</u>	<u>\$298,095,082</u>

University of Maryland Baltimore Foundation, Inc.

	<u>2014</u>	<u>2013</u>
Cash equivalents and short term securities	\$8,538,058	\$6,249,377
Commonfund	2,332,316	1,901,920
Lanx stock	1,808,752	1,630,682
Investments in special strategies - USMF	<u>194,826,151</u>	<u>172,042,990</u>
Total Investments	<u>\$207,505,277</u>	<u>\$181,824,969</u>

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

Accounts receivable as of June 30, 2014 and 2013, were comprised of:

	<u>2014</u>	<u>2013</u>
Tuition and fees	\$88,304,035	\$82,420,092
Contracts and grants	169,910,958	174,552,565
Other	<u>23,204,607</u>	<u>30,489,588</u>
Subtotal	281,419,600	287,462,245
Allowance for doubtful accounts	<u>(13,809,389)</u>	<u>(18,606,429)</u>
Accounts receivable, net	<u>\$267,610,211</u>	<u>\$268,855,816</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

Notes receivable as of June 30, 2014 and 2013, were comprised of:

	<u>2014</u>	<u>2013</u>
Student loans	\$71,567,181	\$72,454,072
Business development loans	7,645,101	7,282,988
Subtotal	79,212,282	79,737,060
Allowance for doubtful notes	(13,522,926)	(13,441,437)
Notes receivable, net	<u>\$65,689,356</u>	<u>\$66,295,623</u>

Accounts payable and accrued liabilities as of June 30, 2014 and 2013, were comprised of:

	<u>2014</u>	<u>2013</u>
Payroll and benefits	\$163,021,604	\$139,109,528
Suppliers and contractors	115,247,889	131,825,184
Accrued interest payable	11,508,667	10,822,665
Other	59,669,025	28,861,874
Accounts payable and accrued liabilities	<u>\$349,447,185</u>	<u>\$310,619,251</u>

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, 2014 and 2013, contributions receivable are due as follows:

University System of Maryland Foundation, Inc.

<u>Due</u>	<u>Discount rates</u>	<u>2014</u>	<u>2013</u>
Within one year	Not applicable	\$3,720,000	\$3,972,000
One to five years	3.25%	3,970,000	4,485,000
More than five years	3.25%		4,000
Subtotal		7,690,000	8,461,000
Pledge discount		(422,000)	(502,000)
Net contributions receivable		<u>\$7,268,000</u>	<u>\$7,959,000</u>

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013****University of Maryland, College Park Foundation, Inc.**

Due	Discount rates	2014	2013
Within one year	2.16%	\$32,875,626	\$31,069,381
Two to five years	2.16%	23,314,366	26,982,877
More than five years	3.25%	3,703,302	4,415,424
Subtotal		59,893,294	62,467,682
Allowance for doubtful accounts		(8,121,463)	(7,082,876)
Pledge discount		(1,635,472)	(2,231,826)
Net contributions receivable		<u>\$50,136,359</u>	<u>\$53,152,980</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount rates	2014	2013
Within one year	3.256%	\$14,930,802	\$15,336,117
Two to five years	3.25%	19,341,812	17,209,797
More than five years	3.25%	53,700	64,200
Subtotal		34,326,314	2,610,114
Allowance for doubtful accounts		(1,149,562)	(1,332,686)
Pledge discount		(1,588,511)	(1,410,902)
Net contributions receivable		<u>\$31,588,241</u>	<u>29,866,526</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

5. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2014 and 2013:

	June 30, 2012			June 30, 2013			June 30, 2014
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
Capital assets being depreciated:							
Infrastructure & land improvements	\$330,938,622	\$20,785,712		\$351,724,334	\$28,623,745	\$129,000	\$380,219,079
Buildings & improvements	5,821,540,971	201,656,419	\$1,920,602	6,021,276,788	488,313,754	5,599,324	6,503,991,218
Contents	1,214,629,155	78,091,858	27,689,956	1,265,031,057	86,341,074	50,477,876	1,300,894,255
Buildings recorded under capital lease agreements	14,629,140			14,629,140			14,629,140
Total capital assets being depreciated	7,381,737,888	300,533,989	29,610,558	7,652,661,319	603,278,573	56,206,200	8,199,733,692
Less accumulated depreciation for:							
Infrastructure & land improvements	164,844,116	13,841,735		178,685,851	15,385,284	96,213	193,974,922
Buildings & improvements	1,973,197,613	167,806,191	707,089	2,140,296,715	179,230,725	2,967,931	2,316,559,509
Contents	849,903,504	81,758,709	25,901,791	905,760,422	78,783,805	45,258,648	939,285,579
Buildings recorded under capital lease agreements	3,033,250	1,187,179		4,220,429	1,187,179		5,407,608
Total accumulated depreciation	2,990,978,483	264,593,814	26,608,880	3,228,963,417	274,586,993	48,322,792	3,455,227,618
Total capital assets being depreciated, net	4,390,759,405	35,940,175	3,001,678	4,423,697,902	328,691,580	7,883,408	4,744,506,074
Capital assets not being depreciated:							
Land	142,999,602	10,142,726		153,142,328	2,292,420	478,002	154,956,746
Contents	22,689,296	2,734,181	25,602	25,397,875	299,952	77,462	25,620,365
Construction in progress	457,223,526	415,553,707	201,667,158	671,110,075	357,715,498	497,793,283	531,032,290
Total capital assets not being depreciated	622,912,424	428,430,614	201,692,760	849,650,278	360,307,870	498,348,747	711,609,401
Capital assets, net	\$5,013,671,829	\$464,370,789	\$204,694,438	\$5,273,348,180	\$688,999,450	\$506,232,155	\$5,456,115,475

Interest expense of \$966,298 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2013.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

6. SERVICE CONCESSION ARRANGEMENTS FOR STUDENT HOUSING

The University System of Maryland has entered into long-term leases of university-owned land, and other agreements with a quasi-governmental issuer of debt, developer to build, and an operator to manage, student housing projects at seven of the System's institutions. These agreements satisfy the criteria established to be considered service concession arrangements (SCAs).

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, as well as 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 uses 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 ground lease payment. The university 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 owner's rights to use the land ownership of the project transfers to the university.

As of June 30, the following balances associated with service concession agreements are reflected on the Balance Sheets:

	<u>2014</u>	<u>2013</u>
Capital assets, net – buildings & improvements	\$375,750,875	\$389,641,837
Deferred service concession arrangement receipts	362,355,637	380,711,678

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

7. 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 \$1,400,000,000.

Revenue bonds and notes payable consisted of the following as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Auxiliary facility and tuition revenue bonds, net	\$1,203,824,190	\$1,129,824,882
Revolving loan program bonds	35,000,000	35,000,000
Other	39,469,704	40,209,544
	<u>\$1,278,293,894</u>	<u>\$1,205,034,426</u>

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2014, Auxiliary facility and tuition revenue bonds (revenue bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
2004 Series A	5%	2015-2016	\$130,000
2005 Series A	4.0% - 5.0%	2015-2021	71,580,000
2006 Series A	5.0%	2014-2017	14,570,000
2007 Refunding Series A	4.0% - 5.0%	2015-2023	75,290,000
2008 Series A	4.0% - 5.0%	2015-2028	71,300,000
2008 Refunding Series B	3.5% - 4.0%	2014-2017	11,180,000
2009 Series A & B	4.0% - 6.0%	2015-2029	81,730,000
2009 Refunding Series C	2.5% - 4.0%	2014-2019	18,370,000
2009 Refunding Series D	3.0% - 4.0%	2015-2022	45,780,000
2010 Series A & B	4% - 5.4%	2015-2030	102,060,000
2010 Series C	2.5% - 4.0%	2015-2023	44,630,000
2010 Series D & E	3.75% - 5.85%	2015-2030	101,460,000
2011 Series A	3.0% - 5.0%	2015-2031	103,215,000
2011 Refunding Series B	3.0% - 5.0%	2015-2024	28,995,000
2012 Refunding Series A & B	2.0% - 4.0%	2015-2024	54,925,000
2012 Series C & D	2.0% - 5.0%	2014-2032	163,135,000
2014 Series A & B	2.0% - 5.0%	2015-2034	147,600,000
			<u>1,135,950,000</u>
Unamortized discounts and premiums			67,874,190
Auxiliary facility and tuition revenue bonds, net			<u>\$1,203,824,190</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

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 annual debt service on revenue bonds.

Revenue bonds issued during the years ended June 30, 2014 and 2013, including the results of any advance refunding of previously-issued debt, are 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 amount on refunding	Economic gain or (loss)
2012 Series C	10/6/2012	\$115,000,000	\$6,582,587				
2012 Refunding Series D	10/6/2012	54,005,000	10,820,564	\$55,420,000	\$6,335,509	\$7,471,867	\$5,281,851
2014 Series A	2/5/2014	139,900,000	13,042,970				
2014 Refunding Series B	2/5/2014	11,580,000	486,183	11,785,000	582,893	117,377	559,717

The System has issued series of revenue bonds that qualify for participation in the Build America Bonds program, a provision of the American Recovery and Reinvestment Act of 2009. The provisions of the Build America Bonds provide that the Federal government will reimburse issuers of Build America Bonds an amount equal to 35% of the interest payments made to bondholders. On March 1, 2013, the Budget Control Act of 2011 went into effect. The Federal government has reduced the amount of interest reimbursement by 8.7% in Federal fiscal year 2013 and 7.2% in Federal fiscal year 2014. The 2009 Series B, the 2010 Series B, and 2010 Series E bonds have been issued to comply with the requirements of the Build America Bonds program, the System has been receiving the interest payment reimbursements from the Federal government, and the System expects that these bonds will continue to qualify under the program in the future. The interest amounts reflected in the future principal and interest payments schedule on the following page reflect the System's obligations to bondholders, and have not been reduced for any expectation of interest reimbursement from the Federal government under the Build America Bonds program.

As of June 30, 2014, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$73,655,000.

As of June 30, 2014 and 2013, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$96,155,667 and \$34,925,663, respectively.

The System implemented GASB Statement #65 *'Items Previously Reported as Assets and Liabilities'* as of June 30, 2013. As of June 30, 2014 and 2013, the System recorded *'Unamortized loss on refundings'* on the Balance Sheets as deferred outflows of resources of \$18,492,974 and \$21,666,120 respectively. These amounts were previously included as part of the Revenue bonds and notes payable balances.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

Revolving Loan Program Bonds

Revolving Loan Program Bonds include debt issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of the debt, dated April 1, 1995.

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The 2003 Series A Bonds were initially issued as auction rate reset securities, meaning interest is calculated on outstanding Revolving Loan Program Bonds using a rate of interest determined through a weekly auction process. In April 2008, the System purchased \$15,000,000 of the auction rate reset securities in response to failed auctions that were occurring for most issuers of auction rate reset securities as a result of the collapse of the credit insurance market. On June 26, 2008, the 2003 Series A Bonds in a principal amount of \$50,000,000 were converted from an auction rate mode to a Multiannual Rate. On June 1, 2013, the System redeemed \$15,000,000 of the 2003 Series A Bonds. The remaining principal balance of \$35,000,000 of the 2003 Series A Bonds was remarketed for five years at a multi-annual interest rate of 1.25%.

As of June 30, 2014 and 2013, cash and cash equivalents in the amount of \$21,863,967 and \$16,415,499, respectively, was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

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. As of June 30, 2014, restricted cash and cash equivalents includes unspent proceeds of \$2,089,956 related to other debt.

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Future principal and interest payments as of June 30, 2014, were as follows:

Years ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2015	\$80,080,000	\$49,684,434	\$6,736,745	\$1,109,141	\$137,610,320
2016	83,970,000	46,146,278	6,232,234	999,926	137,348,438
2017	83,360,000	42,355,934	5,114,215	896,015	131,726,164
2018	82,500,000	38,701,646	4,077,447	1,211,253	126,490,346
2019	82,520,000	34,972,821	3,093,659	1,546,174	122,132,654
2020 – 2024	362,670,000	123,940,425	48,747,779	4,477,381	539,835,585
2025 – 2029	258,670,000	55,428,519	467,625		314,566,144
2030 – 2034	102,180,000	9,122,204			111,302,204
Total	<u>\$1,135,950,000</u>	<u>\$400,352,261</u>	<u>\$74,469,704</u>	<u>\$10,239,890</u>	<u>\$1,621,011,855</u>

8. LEASES

Obligations Under Capital Lease Agreements

The System leases two facilities for the use of the University of Maryland College Park and Towson University under agreements recorded as capital lease obligations. The obligations are recorded at the present value of future minimum lease payments using a discount rate of 6.8% and 3.2%, for the University of Maryland College Park and the Towson University leases, respectively,

Future minimum payments on obligations under capital lease agreements as of June 30, 2014, were as follows:

Years ending June 30,	Total
2015	\$1,635,667
2016	1,669,377
2017	1,704,099
2018	1,739,862
2019	1,776,699
2020 – 2024	<u>4,794,352</u>
Total future lease payments	13,320,056
Less: Interest component	<u>(2,014,403)</u>
Obligations under capital lease agreements	<u>\$11,305,653</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

Operating Leases

The System and its constituent units lease facilities and equipment under agreements reported as operating leases. 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.

Future minimum payments on operating leases as of June 30, 2014, were as follows:

<u>Year ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2015	\$15,108,012
2016	13,480,749
2017	11,997,664
2018	10,312,979
2019	8,433,135
2020 - 2024	18,769,151
2025 - 2029	<u>4,233,177</u>
Total	<u><u>\$82,334,867</u></u>

Operating lease expenditures for the years ended June 30, 2014 and 2013, were \$15,493,930 and \$18,489,044, respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

9. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2014 and 2013, were as follows:

	June 30, 2012			June 30, 2013			June 30, 2014	Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year
Accrued vacation costs	\$175,803,121	\$96,306,968	\$88,829,027	\$183,281,062	\$109,243,002	\$96,966,408	\$195,557,656	\$98,254,183
Accrued workers' compensation	28,635,000	4,717,821	5,121,821	28,231,000	7,721,513	5,345,513	30,607,000	4,744,085
Revenue bonds and notes payable, net	1,156,593,198	193,870,546	145,429,318	1,205,034,426	171,618,897	98,359,429	1,278,293,894	86,816,745
Obligations under capital lease agreements	13,765,659		1,355,611	12,410,048		1,104,395	11,305,653	1,184,141
Total long-term liabilities	\$1,374,796,978	\$294,895,335	\$240,735,777	\$1,428,956,536	\$286,158,625	\$199,350,958	\$1,515,764,203	\$190,999,154

10. 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 for the years ended June 30, 2014 and 2013, by grouping of object classification were as follows:

	2014				2013			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$1,015,806,526	\$114,098,354	\$43,617,148	\$1,173,522,028	\$981,476,896	\$117,432,872	\$41,003,571	\$1,139,913,339
Research	577,964,378	321,114,875	25,820,393	924,899,646	571,677,511	335,315,557	24,965,883	931,958,951
Public service	87,959,416	61,348,193	3,616,921	152,924,530	90,866,256	58,539,149	3,591,076	152,996,481
Academic support	284,317,331	103,499,841	37,921,605	425,738,777	264,425,951	107,041,343	40,146,289	411,613,583
Student services	129,856,360	75,499,165	6,290,308	211,645,833	124,003,082	69,945,387	4,476,479	198,424,948
Institutional support	326,182,747	77,984,476	14,899,201	419,066,424	307,987,872	64,064,896	14,523,183	386,575,951
Operation and maintenance of plant	126,493,302	152,978,538	53,494,098	332,965,938	121,042,648	127,310,105	50,435,694	298,788,447
Scholarships and fellowships	6,728,672	98,535,166		105,263,838	6,258,529	94,700,971		100,959,500
Auxiliary enterprises:								
Residential facilities	44,525,431	58,009,161	44,136,389	146,670,981	42,962,533	51,832,827	41,412,820	136,208,180
Dining facilities	33,634,807	70,662,818	5,672,247	109,969,872	33,208,173	67,815,519	4,819,588	105,843,280
Intercollegiate athletics	51,968,371	41,001,344	7,337,424	100,307,139	49,074,429	34,045,693	6,817,063	89,937,185
Bookstores	4,422,863	20,408,528	265,159	25,096,550	4,646,576	22,620,424	85,051	27,352,051
Parking facilities	11,234,734	8,906,231	5,058,849	25,199,814	11,145,074	9,010,235	5,187,204	25,342,513
Other auxiliary enterprises	47,597,627	46,861,641	26,441,587	120,900,855	51,069,469	36,058,879	27,111,876	114,240,224
Hospital	178,640,161	1,136,114	15,664	179,791,939	171,466,606	1,699,619	18,037	173,184,262
Total	\$2,927,332,726	\$1,252,044,445	\$274,586,993	\$4,453,964,164	\$2,831,311,605	\$1,197,433,476	\$264,593,814	\$4,293,338,895

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

11. RETIREMENT AND PENSION PLANS

Most System employees participate in the State Retirement and Pension System of Maryland (the State System), which is an agent, multiple-employer public employee retirement system. While the State System is an agent, multiple-employer public employee retirement system, the System accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the System, and the only obligation to the plan is its required annual contributions.

The State System includes four pension and retirement plans that System employees participate in:

Teachers Retirement Systems
Teachers Pension Systems
Employees Retirement Systems
Employees Pension Systems

The State System prepares a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System at 120 East Baltimore Street, Suite 1600, Baltimore, MD 21202.

System employees may alternatively elect to participate in an optional retirement program.

State Systems

Plan Description

The State System are defined benefit plans with unfunded accrued actuarial liabilities. The State System, which is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland, is managed by a Board of Trustees, and included in the State of Maryland financial reporting entity.

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. Retirement allowances are computed using both the highest three years' average final salary (AFS) and the actual number of years of accumulated creditable service. For participants enrolled prior to July 1, 2011, pension allowances are computed using both the highest three consecutive years' AFS and the actual number of years of accumulated creditable service. For new Pension System members hired after July 1, 2011, retirement allowances are calculated using the five highest consecutive years of service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

Funding Policy

The System's required contributions are based upon actuarial valuations. Effective July 1, 1980, in accordance with the law governing the State System, all benefits of the State System are funded in advance. The aggregate entry age normal cost method is the actuarial cost method used.

Both the System and covered employees are required by State statute to contribute to the State System. The contribution from the employees is 7% for participants in the State System retirement plans. Contributions are deducted from participant's salary and wage payments and are remitted to the State System on a regular, periodic basis.

The System made its required contributions during the years ended June 30, 2014, 2013, and 2012 of \$94,349,914, \$84,938,801, and \$73,660,374, respectively.

Optional Retirement Program

Some employees participate in 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% of covered employees' annual salaries each month. The System's contribution along with the employee's contribution to the supplemental plans is immediately and fully vested.

The contributions for the year ended June 30, 2014 were \$134,849,231, which consisted of \$69,151,459 from the System into the ORP and \$65,697,772 from employees into supplemental plans. The contributions for the year ended June 30, 2013 were \$133,171,956, which consisted of \$66,763,426 from the System into the ORP and \$66,408,530 from employees into supplemental plans.

Major component units

The University System of Maryland Foundation, Inc. maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The University System of Maryland Foundation, Inc. contributes 7.25% of the employee's compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the years ended June 30, 2014 and 2013 was approximately \$200,000 and \$212,000, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

12. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland (the State System) 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. The State does not distinguish employees by employer or State agency. Instead, the State allocates the postemployment health care costs to all participating employers.

Financial information for the Plan is included in the State of Maryland Comprehensive Annual Financial Report, which can be obtained from the Comptroller of Maryland, Louis L. Goldstein Treasury Building, Annapolis, MD 21404.

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, 2014 and 2013. The amounts contributed for the years ended June 30, 2014 and 2013, were \$61,200,170 and \$75,416,841, respectively.

13. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2014 is \$369,617,059, of which \$79,500,648 is to be funded from Revenue Bond proceeds, \$213,316,378 is to be derived from State appropriations and grants, and \$76,800,033 to be provided from System funds.

14. 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, 2014, the System had entered into open contracts for the purchase of \$12,361,000, of natural gas to be delivered monthly through December 2015. Future purchase commitments for electricity to be supplied through September 2015 totaled \$7,959,000 as of June 30, 2014. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

The System is involved in a number of legal actions that arise in the normal course of its operations. In the opinion of management, based on the advice of the State Attorney General, such actions, as well as any exposure to unasserted claims, will not have a material adverse effect on the System's financial position.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013**

15. 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 years ended June 30, 2014 and 2013. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2014, 2013, or 2012.

As of June 30, 2014 and 2013, the System has recorded \$30,607,000 and \$28,231,000 in liabilities associated with workers' compensation, respectively.

**UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$263,921,674	\$761,184	\$263,358,414	\$1,308,755
Accounts receivable, net	79,126,208	17,466,341	85,106,353	19,443,033
Inventories	187,948			
Notes receivable, current portion	2,418,013		2,166,928	
Prepaid expenses and other assets	341,687	1,591,518	298,213	135,976
Inter-institutional balances	676,076		3,053,953	
Total current assets	346,671,606	19,819,043	353,983,861	20,887,764
Noncurrent assets:				
Restricted cash and cash equivalents	1,160,779		1,195,504	
Accounts receivable, net		17,661,094		15,650,167
Endowment investments	92,000,156	171,229,865	75,428,768	150,878,417
Other investments		154,577,779		130,872,920
Notes receivable, net	22,993,238		24,916,590	
Other assets		4,950,201		5,179,829
Capital assets, net	717,425,325		709,395,738	
Total noncurrent assets	833,579,498	348,418,939	810,936,600	302,581,333
Total assets	1,180,251,104	368,237,982	1,164,920,461	323,469,097
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	3,887,172		4,421,730	
Total assets and deferred outflows of resources	\$1,184,138,276	\$368,237,982	\$1,169,342,191	\$323,469,097
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$60,453,058	\$3,989,421	\$54,156,891	\$6,477,788
Accrued workers' compensation, current portion	1,186,680		824,755	
Accrued vacation costs, current portion	38,455,511		36,413,857	
Revenue bonds and notes payable, current portion	9,123,350		8,025,820	
Unearned revenue	39,847,658	800	37,609,690	2,500
Total current liabilities	149,066,257	3,990,221	137,031,013	6,480,288
Noncurrent liabilities:				
Accrued workers' compensation	6,469,320		4,496,245	
Accrued vacation costs	34,595,740		33,584,552	
Endowments invested on behalf of primary government		92,000,156		75,428,768
Other payables		1,056,009		1,234,403
Revenue bonds and notes payable	114,006,345		123,122,728	
Total noncurrent liabilities	155,071,405	93,056,165	161,203,525	76,663,171
Total liabilities	304,137,662	97,046,386	298,234,538	83,143,459
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	33,725,351		35,477,317	
NET POSITION				
Unrestricted	188,588,996	34,966,733	194,919,694	25,103,909
Net investment in capital assets	564,457,451		547,191,603	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	8,977,211	36,103,499	8,972,927	33,178,009
Research	522,543	2,351,926	522,543	1,159,827
Other	10,295,892	106,743,425	10,295,892	99,173,541
Expendable:				
Scholarships and fellowships	25,174,927	10,544,974	24,998,869	8,457,556
Research	5,853,199	9,524,886	5,386,618	9,253,710
Loans	24,771,753		26,348,729	
Capital projects	1,160,779		1,195,504	
Other	16,472,512	70,956,153	15,797,957	63,999,086
Total net position	846,275,263	271,191,596	835,630,336	240,325,638
Total liabilities, deferred inflows of resources, and net position	\$1,184,138,276	\$368,237,982	\$1,169,342,191	\$323,469,097

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$119,862,166		\$118,983,364	
Less: scholarship allowances	<u>(19,100,729)</u>	\$100,761,437	<u>(18,762,714)</u>	\$100,220,650
Federal grants and contracts		214,960,806		247,023,280
State and local grants and contracts		83,929,973		65,729,506
Nongovernmental grants and contracts		91,106,423		109,320,435
Sales and services of educational departments		264,003,739		245,085,479
Auxiliary enterprises:				
Residential facilities		2,512,662		2,565,186
Parking facilities		13,302,005		12,764,907
Other auxiliary enterprises revenues		<u>15,033,252</u>		<u>14,509,846</u>
Total operating revenues		<u>785,610,297</u>		<u>797,219,289</u>
OPERATING EXPENSES:				
Instruction		189,646,886		188,776,832
Research		385,387,214		393,649,603
Public service		3,522,944		3,429,947
Academic support		56,671,362		50,016,557
Student services		5,020,355		5,098,226
Institutional support		72,245,665		65,973,200
Operation and maintenance of plant		86,838,369		79,975,572
Scholarships and fellowships		3,037,523		3,632,705
Auxiliary enterprises:				
Residential facilities		1,892,169		1,875,074
Parking facilities		9,057,599		8,410,847
Other auxiliary enterprises expenses		13,539,734		12,695,207
Hospital		<u>179,791,939</u>		<u>173,184,262</u>
Total operating expenses		<u>1,006,651,759</u>		<u>986,718,032</u>
Operating income (loss)		<u>(221,041,462)</u>		<u>(189,498,743)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		191,190,048		185,491,671
Pell grants		668,515		629,858
Gifts		13,235,208	\$36,964,236	14,273,075
Investment income	13,435,141		22,572,229	8,510,888
Less: Investment expense	<u>(279,087)</u>	13,156,054	<u>(275,108)</u>	8,235,780
Interest on indebtedness		(4,385,375)		(4,710,660)
Other revenues (expenses), gains and (losses)		(486,479)		892,023
Other affiliated foundation revenues			799,192	840,278
Other affiliated foundation expenses			(29,469,699)	(24,803,050)
Transfers (to) from other University System of Maryland institutions		<u>(1,724,970)</u>		<u>(556,095)</u>
Total nonoperating revenues (expenses)		<u>211,653,001</u>	<u>30,865,958</u>	<u>204,255,652</u>
Income (loss) before other revenues		<u>(9,388,461)</u>	<u>30,865,958</u>	<u>14,756,909</u>
Income (loss) before other revenues		<u>(9,388,461)</u>	<u>30,865,958</u>	<u>14,756,909</u>
OTHER REVENUES:				
Capital appropriations		19,529,691		7,717,094
Capital gifts and grants		499,414		240,128
Additions to permanent endowments		<u>4,283</u>		<u>2,426,035</u>
Total other revenues		<u>20,033,388</u>		<u>10,383,257</u>
Increase (decrease) in net position		<u>10,644,927</u>	<u>30,865,958</u>	<u>25,140,166</u>
Net position - beginning of year		<u>835,630,336</u>	<u>240,325,638</u>	<u>810,490,170</u>
Net position - end of year		<u>\$846,275,263</u>	<u>\$271,191,596</u>	<u>\$835,630,336</u>

**UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$102,315,842	\$102,864,553
Research contracts and grants	391,413,311	438,859,869
Payments to employees	(702,068,919)	(686,505,676)
Payments to suppliers and contractors	(240,749,712)	(239,675,697)
Loans issued to students	(3,018,543)	(3,865,770)
Collections of loans to students	4,151,763	3,859,453
Auxiliary enterprises:		
Residential facilities	760,696	813,220
Parking facilities	13,302,005	12,764,907
Other	15,342,308	14,439,855
Other receipts (payments)	<u>282,702,771</u>	<u>254,821,055</u>
Net cash provided (used) by operating activities	<u>(135,848,478)</u>	<u>(101,624,231)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	191,190,048	185,491,671
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	4,283	2,426,035
Pell grants	<u>668,515</u>	<u>629,858</u>
Net cash provided by noncapital financing activities	<u>191,862,846</u>	<u>188,547,564</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	3,008,954	22,097,502
Capital appropriations	19,529,691	7,717,094
Proceeds from sales of capital assets	278,509	208,826
Purchases of capital assets	(60,594,057)	(49,491,255)
Principal paid on debt and capital leases	(9,745,428)	(28,454,152)
Interest paid on debt and capital leases	(4,940,299)	(5,941,773)
Transfers (to) from other University System of Maryland institutions	<u>392,131</u>	<u>(3,068,162)</u>
Net cash provided (used) by capital and related financing activities	<u>(52,070,499)</u>	<u>(56,931,920)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	4,039,943	4,185,990
Interest on investments	3,870,925	3,265,786
Investment expense	(279,087)	(275,108)
Purchases of investments	<u>(11,047,115)</u>	<u>(16,060)</u>
Net cash provided (used) by investing activities	<u>(3,415,334)</u>	<u>7,160,608</u>
Net increase (decrease) in cash and cash equivalents	528,535	37,152,021
Cash and cash equivalents - beginning of the year	<u>264,553,918</u>	<u>227,401,897</u>
Cash and cash equivalents - end of the year	<u><u>\$265,082,453</u></u>	<u><u>\$264,553,918</u></u>

UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEETS
JUNE 30, 2014 AND 2013

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$564,939,198	\$27,830,354	\$608,264,732	\$19,846,858
Accounts receivable, net	111,017,912	30,211,492	96,997,004	58,879,512
Notes receivable, current portion	1,893,855		1,544,779	
Inventories	3,389,445		3,247,070	
Prepaid expenses and other assets	1,414,755	11,468,417	1,254,590	231,211
Inter-institutional balances	(8,069,682)		(6,665,026)	
Total current assets	674,585,483	69,510,263	704,643,149	78,957,581
Noncurrent assets:				
Restricted cash and cash equivalents	5,409,199		10,484,001	
Accounts receivable, net		22,598,952		26,783,971
Endowment investments	117,897,874	369,370,882	96,408,857	344,089,095
Other investments	8,074,194	202,660,250	6,693,185	176,501,450
Notes receivable, net	9,315,521		8,969,150	
Other assets		702,627		865,912
Capital assets, net	1,802,258,498	5,606,430	1,767,056,212	3,688,398
Total noncurrent assets	1,942,955,286	600,939,141	1,889,611,405	551,928,826
Total assets	2,617,540,769	670,449,404	2,594,254,554	630,886,407
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	5,962,216		7,272,740	
Total assets and deferred outflows of resources	\$2,623,502,985	\$670,449,404	\$2,601,527,294	\$630,886,407
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$141,245,284	\$12,840,834	\$105,818,169	\$36,347,746
Accrued workers' compensation, current portion	1,999,190		2,032,670	
Accrued vacation costs, current portion	23,571,313		20,873,442	
Revenue bonds and notes payable, current portion	30,647,407		29,301,765	
Obligations under capital lease agreements, current portion	338,436		316,740	
Unearned revenue	55,206,212	3,767,173	60,318,737	3,901,324
Total current liabilities	253,007,842	16,608,007	218,661,523	40,249,070
Noncurrent liabilities:				
Accrued workers' compensation	10,898,810		11,081,330	
Accrued vacation costs	36,353,319		34,272,883	
Endowments invested on behalf of primary government		117,897,874		96,408,857
Other payables		3,084,050		3,146,534
Revenue bonds and notes payable	339,258,677		328,721,903	
Obligations under capital lease agreements	2,321,012		2,659,449	
Total noncurrent liabilities	388,831,818	120,981,924	376,735,565	99,555,391
Total liabilities	641,839,660	137,589,931	595,397,088	139,804,461
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	160,465,212		168,175,327	
NET POSITION				
Unrestricted	431,999,544	50,631,583	487,263,967	45,712,250
Net investment in capital assets	1,277,279,924		1,245,153,768	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,634,574	123,995,731	5,542,797	113,193,840
Research	3,537,560	2,118,969	3,533,011	2,043,435
Other	5,096,698	171,092,368	4,761,426	163,535,187
Expendable:				
Scholarships and fellowships	10,037,599	52,915,219	9,460,286	45,379,535
Research	68,217,095	15,644,552	63,731,676	14,738,344
Loans	11,146,030		10,992,200	
Capital projects	1,028,949		711,675	
Debt service				
Other	7,220,140	116,461,051	6,804,073	106,479,354
Total net position	1,821,198,113	532,859,473	1,837,954,879	491,081,946
Total liabilities, deferred inflows of resources, and net position	\$2,623,502,985	\$670,449,404	\$2,601,527,294	\$630,886,407

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$488,545,920		\$480,479,355	
Less: scholarship allowances	(82,504,723)	\$406,041,197	(71,737,566)	\$408,741,789
Federal grants and contracts		339,476,101		352,788,348
State and local grants and contracts		53,291,472		51,004,393
Nongovernmental grants and contracts		68,678,937		75,927,111
Sales and services of educational departments		28,577,582		25,373,836
Auxiliary enterprises:				
Residential facilities	61,307,310		61,410,202	
Less: scholarship allowances	(3,464,891)	57,842,419	(5,502,727)	55,907,475
Dining facilities	49,485,723		48,461,428	
Less: scholarship allowances	(2,103,161)	47,382,562	(2,913,936)	45,547,492
Intercollegiate athletics		59,837,819		50,888,502
Parking facilities		14,126,238		13,284,168
Other auxiliary enterprises revenues		50,798,328		47,754,509
Other operating revenues		37,042,323		35,459,100
Total operating revenues		1,163,094,978		1,162,676,723
OPERATING EXPENSES:				
Instruction		461,839,981		435,061,165
Research		409,031,659		411,720,651
Public service		86,782,420		86,806,904
Academic support		163,593,809		150,127,748
Student services		52,300,805		48,717,876
Institutional support		115,231,771		105,088,945
Operation and maintenance of plant		106,063,050		98,327,403
Scholarships and fellowships		28,937,616		30,344,561
Auxiliary enterprises:				
Residential facilities		73,775,100		70,260,985
Dining facilities		50,605,558		49,008,841
Intercollegiate athletics		58,125,984		48,407,052
Parking facilities		8,665,188		10,143,713
Other auxiliary enterprises expenses		50,519,732		50,210,415
Total operating expenses		1,665,472,673		1,594,226,259
Operating income (loss)		(502,377,695)		(431,549,536)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		425,898,117		414,567,046
Pell grants		23,292,383		21,860,817
Gifts		25,310,067	\$45,607,468	28,781,338
Investment income	21,365,846		46,700,284	14,333,301
Less: Investment expense	(356,564)	21,009,282	(352,958)	13,980,343
Interest on indebtedness		(12,583,460)		(11,953,354)
Other revenues (expenses), gains and (losses)		(31,420,998)		(57,616)
Other affiliated foundation revenues			6,804,678	4,390,864
Other affiliated foundation expenses			(57,334,903)	(67,480,991)
Transfers (to) from other University System of Maryland institutions		(1,827,261)		273,767
Total nonoperating revenues (expenses)		449,678,130	41,777,527	467,452,341
Income (loss) before other revenues		(52,699,565)	41,777,527	2,625,959
OTHER REVENUES:				
Capital appropriations		32,425,857		37,302,971
Capital gifts and grants		3,107,318		18,494,889
Additions to permanent endowments		409,624		179,589
Total other revenues		35,942,799		55,977,449
Increase (decrease) in net position		(16,756,766)	41,777,527	91,880,254
Net position - beginning of year		1,837,954,879	491,081,946	1,746,074,625
Net position - end of year		\$1,821,198,113	\$532,859,473	\$1,837,954,879

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$409,492,946	\$406,724,898
Research contracts and grants	464,060,169	487,763,587
Payments to employees	(1,100,860,951)	(1,065,932,707)
Payments to suppliers and contractors	(462,383,719)	(427,927,883)
Loans issued to students	(2,591,795)	(1,281,248)
Collections of loans to students	1,896,348	1,680,478
Auxiliary enterprises:		
Residential facilities	50,132,304	48,197,360
Dining facilities	48,025,641	45,547,492
Intercollegiate athletics	36,418,195	31,592,718
Parking facilities	14,126,238	13,284,168
Other	49,567,909	47,717,689
Other receipts (payments)	<u>88,453,590</u>	<u>87,823,760</u>
Net cash provided (used) by operating activities	<u>(403,663,125)</u>	<u>(324,809,688)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	425,898,117	414,567,046
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	409,624	179,589
Pell grants	<u>23,292,383</u>	<u>21,860,817</u>
Net cash provided by noncapital financing activities	<u>449,600,124</u>	<u>436,607,452</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	46,124,433	34,130,717
Capital appropriations	32,425,857	37,302,971
Capital grants and gifts received	2,659,007	8,776,129
Proceeds from sales of capital assets	4,263,654	432,776
Purchases of capital assets	(131,672,362)	(139,332,596)
Principal paid on debt and capital leases	(38,031,287)	(40,301,971)
Interest paid on debt and capital leases	(13,520,409)	(12,931,628)
Transfers (to) from other University System of Maryland institutions	<u>5,274,516</u>	<u>31,426,115</u>
Net cash provided (used) by capital and related financing activities	<u>(92,476,591)</u>	<u>(60,497,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	5,616,493	6,019,321
Interest on investments	8,051,195	6,031,389
Investment expense	(356,564)	(352,958)
Purchases of investments	<u>(15,171,868)</u>	<u>(257,374)</u>
Net cash provided (used) by investing activities	<u>(1,860,744)</u>	<u>11,440,378</u>
Net increase (decrease) in cash and cash equivalents	<u>(48,400,336)</u>	<u>42,740,655</u>
Cash and cash equivalents - beginning of the year	<u>618,748,733</u>	<u>576,008,078</u>
Cash and cash equivalents - end of the year	<u>\$570,348,397</u>	<u>\$618,748,733</u>

**BOWIE STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$59,710,921	\$339,047	\$57,375,949	\$444,181
Accounts receivable, net	1,692,275	405,813	2,921,652	387,362
Notes receivable, current portion	67,631		66,689	
Prepaid expenses and other assets	7,479	2,984	7,199	2,969
Inter-institutional balances	(344,031)		166,147	
Total current assets	61,134,275	747,844	60,537,636	834,512
Noncurrent assets:				
Restricted cash and cash equivalents	6,856		32,820	
Endowment investments	900,629	6,884,106		6,193,061
Other investments		900,629		
Notes receivable, net	836,322		775,726	
Capital assets, net	216,637,795	5,067	208,891,662	4,714
Total noncurrent assets	218,381,602	7,789,802	209,700,208	6,197,775
Total assets	279,515,877	8,537,646	270,237,844	7,032,287
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	125,196		139,766	
Total assets and deferred outflows of resources	\$279,641,073	\$8,537,646	\$270,377,610	\$7,032,287
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$9,225,607	\$114,718	\$8,924,380	\$35,175
Accrued workers' compensation, current portion	112,375		117,490	
Accrued vacation costs, current portion	1,172,313		1,053,342	
Revenue bonds and notes payable, current portion	1,817,225	23,000	2,083,332	23,000
Unearned revenue	5,130,550	58,434	5,386,966	55,034
Total current liabilities	17,458,070	196,152	17,565,510	113,209
Noncurrent liabilities:				
Accrued workers' compensation	612,625		640,510	
Accrued vacation costs	1,636,495		1,434,324	
Endowments invested on behalf of primary government		900,629		
Other payables		5,020		5,543
Revenue bonds and notes payable	45,892,119		42,411,273	
Total noncurrent liabilities	48,141,239	905,649	44,486,107	5,543
Total liabilities	65,599,309	1,101,801	62,051,617	118,752
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	28,736,334		30,332,797	
NET POSITION				
Unrestricted	43,819,877	599,531	42,695,535	610,788
Net investment in capital assets	140,317,313		134,204,026	
Restricted:				
Nonexpendable:				
Other		4,489,057		4,477,057
Expendable:				
Loans	1,161,384		1,060,815	
Capital projects	6,856		32,820	
Other		2,347,257		1,825,690
Total net position	185,305,430	7,435,845	177,993,196	6,913,535
Total liabilities, deferred inflows of resources, and net position	\$279,641,073	\$8,537,646	\$270,377,610	\$7,032,287

BOWIE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$34,767,393		\$32,383,721	
Less: scholarship allowances	(9,426,649)	\$25,340,744	(11,570,215)	\$20,813,506
Federal grants and contracts		7,940,909		7,252,227
State and local grants and contracts		1,795,910		1,125,173
Nongovernmental grants and contracts		456,949		536,038
Sales and services of educational departments		184,430		228,634
Auxiliary enterprises:				
Residential facilities	6,324,445		5,775,161	
Less: scholarship allowances	(391,996)	5,932,447	(320,357)	5,454,804
Dining facilities	4,097,644		3,941,056	
Less: scholarship allowances	(1,157,554)	2,940,090	(724,207)	3,216,849
Intercollegiate athletics	3,319,449		3,126,036	
Less: scholarship allowances	(461,764)	2,857,685	(371,855)	2,754,181
Parking facilities		236,792		279,487
Other auxiliary enterprises revenues		5,138,977		4,398,269
Total operating revenues		52,824,933		46,059,168
OPERATING EXPENSES:				
Instruction		30,729,463		29,967,350
Research		763,069		536,756
Public service		487,780		918,099
Academic support		14,617,123		14,622,355
Student services		6,602,420		6,080,981
Institutional support		14,135,657		13,414,125
Operation and maintenance of plant		8,077,824		6,688,296
Scholarships and fellowships		4,369,353		1,326,168
Auxiliary enterprises:				
Residential facilities		5,271,290		5,168,638
Dining facilities		4,199,590		3,671,300
Intercollegiate athletics		3,148,220		3,099,443
Other auxiliary enterprises expenses		3,050,144		2,705,690
Total operating expenses		95,451,933		88,199,201
Operating income (loss)		(42,627,000)		(42,140,033)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		37,459,398		35,980,840
Pell grants		9,541,837		9,200,495
Gifts			\$1,142,662	\$836,536
Investment income		682,793	666,523	534,941
Interest on indebtedness		(1,777,829)		(1,205,627)
Other affiliated foundation revenues			191,146	202,917
Other affiliated foundation expenses			(1,478,021)	(1,338,107)
Transfers (to) from other University System of Maryland institutions		(1,200,184)		(990,796)
Total nonoperating revenues (expenses)		44,706,015	522,310	43,519,853
Income (loss) before other revenue		2,079,015	522,310	1,379,820
OTHER REVENUE:				
Capital appropriations		5,233,219		5,217,783
Total other revenue		5,233,219		5,217,783
Increase (decrease) in net position		7,312,234	522,310	6,597,603
Net position - beginning of year		177,993,196	6,913,535	171,395,593
Net position - end of year		\$185,305,430	\$7,435,845	\$177,993,196

**BOWIE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$25,438,880	\$21,055,654
Research contracts and grants	10,102,338	9,527,593
Payments to employees	(57,229,124)	(53,954,237)
Payments to suppliers and contractors	(29,252,174)	(23,945,021)
Loans issued to students	(65,000)	(71,500)
Collections of loans to students	80,318	77,473
Auxiliary enterprises:		
Residential facilities	4,212,346	3,858,344
Dining facilities	3,063,728	3,216,849
Intercollegiate athletics	2,857,685	2,754,181
Parking facilities	236,792	279,487
Other	5,292,495	4,398,269
Other receipts (payments)	<u>1,073,549</u>	<u>996,752</u>
Net cash provided (used) by operating activities	<u>(34,188,167)</u>	<u>(31,806,156)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	37,459,398	35,980,840
Pell grants	<u>9,541,837</u>	<u>9,200,495</u>
Net cash provided by noncapital financing activities	<u>47,001,235</u>	<u>45,181,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	134,556	19,098,905
Capital appropriations	5,233,219	5,217,783
Purchases of capital assets	(16,451,402)	(32,009,725)
Principal paid on debt and capital leases	(1,890,765)	(1,763,458)
Interest paid on debt and capital leases	(1,787,753)	(1,207,088)
Transfers (to) from other University System of Maryland institutions	<u>4,475,921</u>	<u>5,547,317</u>
Net cash provided (used) by capital and related financing activities	<u>(10,286,224)</u>	<u>(5,116,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	676,059	534,942
Purchases of investments	<u>(893,895)</u>	<u></u>
Net cash provided (used) by investing activities	<u>(217,836)</u>	<u>534,942</u>
Net increase (decrease) in cash and cash equivalents	2,309,008	8,793,855
Cash and cash equivalents - beginning of the year	<u>57,408,769</u>	<u>48,614,914</u>
Cash and cash equivalents - end of the year	<u><u>\$59,717,777</u></u>	<u><u>\$57,408,769</u></u>

**TOWSON UNIVERSITY
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$184,418,375	\$4,824,037	\$190,408,836	\$5,287,876
Accounts receivable, net	12,318,093	185,816	13,777,212	164,930
Notes receivable, current portion	1,723,823		1,570,730	
Inventories	3,885,868		3,484,241	
Prepaid expenses and other assets	2,947,317	138,800	2,683,031	128,722
Inter-institutional balances	(60,781)		953,338	
Total current assets	205,232,695	5,148,653	212,877,388	5,581,528
Noncurrent assets:				
Restricted cash and cash equivalents	47,280		48,094	
Accounts receivable, net		871,275		954,239
Endowment investments	8,154,339	62,815,087	4,242,258	54,516,247
Other investments		8,051,998		4,159,029
Notes receivable, net	10,477,326		10,908,047	
Capital assets, net	727,477,744	2,072	693,664,865	3,502
Total noncurrent assets	746,156,689	71,740,432	708,863,264	59,633,017
Total assets	951,389,384	76,889,085	921,740,652	65,214,545
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	2,670,592		2,954,565	
Total assets and deferred outflows of resources	\$954,059,976	\$76,889,085	\$924,695,217	\$65,214,545
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$35,002,686	\$763,066	\$35,765,436	\$482,591
Accrued workers' compensation, current portion	266,290		263,500	
Accrued vacation costs, current portion	7,989,618		5,446,805	
Revenue bonds and notes payable, current portion	13,727,511		13,772,126	
Obligations under capital lease agreements, current portion	845,705		787,654	
Unearned revenue	9,145,755		8,599,619	
Total current liabilities	66,977,565	763,066	64,635,140	482,591
Noncurrent liabilities:				
Accrued workers' compensation	1,451,710		1,436,500	
Accrued vacation costs	2,962,466		4,259,827	
Endowments invested on behalf of primary government		8,051,998		4,159,029
Revenue bonds and notes payable	237,068,582		236,036,800	
Obligations under capital lease agreements	7,800,500		8,646,205	
Total noncurrent liabilities	249,283,258	8,051,998	250,379,332	4,159,029
Total liabilities	316,260,823	8,815,064	315,014,472	4,641,620
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	50,925,823		53,492,728	
NET POSITION				
Unrestricted	148,598,676	3,721,393	155,311,759	2,915,807
Net investment in capital assets	419,780,215		383,883,917	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025	22,224,188	265,025	22,591,446
Research		10,203		10,203
Other		15,559,927		14,464,990
Expendable:				
Scholarships and fellowships	25,081	11,542,006	7,145	7,799,569
Research	1,672,677	7,639		5,050
Loans	13,931,419		14,274,216	
Other	2,600,237	15,008,665	2,445,955	12,785,860
Total net position	586,873,330	68,074,021	556,188,017	60,572,925
Total liabilities, deferred inflows of resources, and net position	\$954,059,976	\$76,889,085	\$924,695,217	\$65,214,545

TOWSON UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$173,136,130		\$166,480,350	
Less: scholarship allowances	(41,054,359)	\$132,081,771	(38,754,813)	\$127,725,537
Federal grants and contracts		2,668,522		2,823,696
State and local grants and contracts		4,904,211		9,697,188
Nongovernmental grants and contracts		1,114,122		1,671,604
Sales and services of educational departments		7,090,230		4,414,901
Auxiliary enterprises:				
Residential facilities	26,475,745		25,039,964	
Less: scholarship allowances	(1,107,224)	25,368,521	(1,113,950)	23,926,014
Dining facilities	22,860,655		21,183,349	
Less: scholarship allowances	(582,811)	22,277,844	(546,518)	20,636,831
Intercollegiate athletics	18,322,772		17,403,112	
Less: scholarship allowances	(3,263,990)	15,058,782	(3,037,107)	14,366,005
Bookstore	8,868,263		9,029,642	
Less: scholarship allowances	(1,622,384)	7,245,879	(1,588,233)	7,441,409
Parking facilities		7,806,032		7,686,333
Other auxiliary enterprises revenues		32,246,235		30,266,475
Other operating revenues		27,140		
Total operating revenues		257,889,289		250,655,993
OPERATING EXPENSES:				
Instruction		104,662,507		108,012,970
Research		4,752,361		4,897,739
Public service		13,343,661		18,294,312
Academic support		46,296,586		41,089,796
Student services		19,418,739		16,138,605
Institutional support		38,918,210		34,413,156
Operation and maintenance of plant		31,096,028		14,440,470
Scholarships and fellowships		10,956,598		11,850,204
Auxiliary enterprises:				
Residential facilities		18,428,883		17,709,327
Dining facilities		18,053,052		17,434,201
Intercollegiate athletics		16,457,542		15,906,472
Bookstore		8,093,944		8,604,610
Parking facilities		5,281,370		4,069,132
Other auxiliary enterprises expenses		19,855,030		16,940,237
Total operating expenses		355,614,511		329,801,231
Operating income (loss)		(97,725,222)		(79,145,238)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		93,843,542		91,329,197
Pell grants		20,290,530		18,755,390
Gifts		473,872	\$4,641,106	358,110
Investment income	3,131,813		9,011,717	2,640,662
Less: Investment expense	(15,389)	3,116,424	(15,225)	2,625,437
Interest on indebtedness		(9,010,641)		(8,880,283)
Other revenues (expenses), gains and (losses)		12,027,328		11,550,685
Other affiliated foundation revenues			902,548	820,404
Other affiliated foundation expenses			(7,054,275)	(6,169,768)
Transfers (to) from other University System of Maryland institutions		(5,777,807)		(5,733,711)
Total nonoperating revenues (expenses)		114,963,248	7,501,096	110,004,825
Income (loss) before other revenues		17,238,026	7,501,096	30,859,587
OTHER REVENUES:				
Capital appropriations		13,166,844		1,611,688
Capital gifts and grants		280,443		2,224,210
Total other revenue		13,447,287		3,835,898
Increase (decrease) in net position		30,685,313	7,501,096	34,695,485
Net position - beginning of year		556,188,017	60,572,925	521,492,532
Net position - end of year		\$586,873,330	\$68,074,021	\$556,188,017

**TOWSON UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$131,410,728	\$126,796,952
Research contracts and grants	8,391,008	16,108,812
Payments to employees	(213,572,453)	(207,958,533)
Payments to suppliers and contractors	(104,818,042)	(84,066,043)
Loans issued to students	(2,059,820)	(1,703,427)
Collections of loans to students	2,337,448	1,579,004
Auxiliary enterprises:		
Residential facilities	22,805,924	23,597,069
Dining facilities	22,305,731	20,618,983
Intercollegiate athletics	15,013,578	14,552,426
Bookstore	7,764,424	7,211,397
Parking facilities	7,684,110	7,689,432
Other	32,113,234	30,172,876
Other receipts (payments)	<u>21,959,466</u>	<u>17,308,193</u>
Net cash provided (used) by operating activities	(48,664,664)	(28,092,859)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	93,843,542	91,329,197
Pell grants	<u>20,290,530</u>	<u>18,755,390</u>
Net cash provided by noncapital financing activities	114,134,072	110,084,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	12,971,751	36,385,072
Capital appropriations	13,166,844	1,611,688
Purchases of capital assets	(70,594,026)	(95,046,006)
Principal paid on debt and capital leases	(12,765,666)	(29,381,068)
Interest paid on debt and capital leases	(9,733,537)	(11,878,880)
Transfers (to) from other University System of Maryland institutions	<u>(3,710,392)</u>	<u>10,386,803</u>
Net cash provided (used) by capital and related financing activities	(70,665,026)	(87,922,391)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	245,311	251,765
Interest on investments	2,576,890	2,334,417
Investment expense	(15,389)	(15,225)
Purchases of investments	<u>(3,602,469)</u>	<u>(5,000)</u>
Net cash provided (used) by investing activities	(795,657)	2,565,957
Net increase (decrease) in cash and cash equivalents	(5,991,275)	(3,364,706)
Cash and cash equivalents - beginning of the year	190,456,930	193,821,636
Cash and cash equivalents - end of the year	<u>\$184,465,655</u>	<u>\$190,456,930</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$15,537,864	\$67,631	\$17,534,660	\$89,520
Accounts receivable, net	5,601,045	1,365,255	5,354,982	6,202,023
Notes receivable, current portion	968,798		1,112,169	
Prepaid expenses and other assets	192,352	1,018,321	167,864	
Inter-institutional balances	816,525		1,142,608	
Total current assets	23,116,584	2,451,207	25,312,283	6,291,543
Noncurrent assets:				
Accounts receivable, net		445,008		132,842
Endowment investments	5,679,734	18,942,890	4,255,452	18,695,232
Other investments		6,379,681		4,938,708
Notes receivable, net	4,561,252		4,396,026	
Other assets		595,952		535,728
Capital assets, net	175,236,978	7,674,882	165,274,913	635,206
Total noncurrent assets	185,477,964	34,038,413	173,926,391	24,937,716
Total assets	208,594,548	36,489,620	199,238,674	31,229,259
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	812,276		961,319	
Total assets and deferred outflows of resources	\$209,406,824	\$36,489,620	\$200,199,993	\$31,229,259
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$8,007,667	\$1,684,411	\$7,679,522	\$5,555,536
Accrued workers' compensation, current portion	226,455		188,790	
Accrued vacation costs, current portion	1,267,306		1,312,644	
Revenue bonds and notes payable, current portion	4,121,633		3,450,945	
Unearned revenue	1,500,104	534,460	1,242,006	107,960
Total current liabilities	15,123,165	2,218,871	13,873,907	5,663,496
Noncurrent liabilities:				
Accrued workers' compensation	1,234,545		1,029,210	
Accrued vacation costs	3,126,580		3,025,967	
Endowments invested on behalf of primary government		5,679,733		4,255,452
Other payables		385,000		
Revenue bonds and notes payable	36,818,297	5,180,188	41,652,865	
Total noncurrent liabilities	41,179,422	11,244,921	45,708,042	4,255,452
Total liabilities	56,302,587	13,463,792	59,581,949	9,918,948
NET POSITION				
Unrestricted	8,049,512	6,105,198	9,511,242	5,754,143
Net investment in capital assets	135,109,324		121,132,422	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009	6,664,498	28,009	6,109,200
Research		167,173		161,687
Other		5,071,205		4,760,636
Expendable:				
Scholarships and fellowships	2,490,094	1,366,543	2,308,037	1,332,818
Research		1,044,163		803,256
Loans	6,072,667		6,328,434	
Other	1,354,631	2,607,048	1,309,900	2,388,571
Total net position	153,104,237	23,025,828	140,618,044	21,310,311
Total liabilities and net position	\$209,406,824	\$36,489,620	\$200,199,993	\$31,229,259

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$29,721,896		\$31,578,523	
Less: scholarship allowances	(12,778,043)	\$16,943,853	(13,220,151)	\$18,358,372
Federal grants and contracts		10,206,737		9,615,628
State and local grants and contracts		7,989,390		11,429,384
Nongovernmental grants and contracts		981,497		723,619
Sales and services of educational departments		99,522		124,685
Auxiliary enterprises:				
Residential facilities	11,029,223		10,683,119	
Less: scholarship allowances	(867,394)	10,161,829	(892,040)	9,791,079
Dining facilities	6,748,494		7,120,906	
Less: scholarship allowances	(1,017,786)	5,730,708	(1,316,696)	5,804,210
Intercollegiate athletics		3,080,131		2,599,818
Parking facilities		168,172		153,745
Other auxiliary enterprises revenues		5,586,889		6,088,561
Other operating revenues		1,645,874		1,506,290
Total operating revenues		62,594,602		66,195,391
OPERATING EXPENSES:				
Instruction		32,590,669		34,738,926
Research		11,462,056		10,342,997
Public service		2,204,405		1,690,796
Academic support		10,018,179		11,351,171
Student services		5,579,003		5,624,346
Institutional support		10,941,050		10,186,062
Operation and maintenance of plant		11,796,293		11,365,006
Scholarships and fellowships		518,066		470,315
Auxiliary enterprises:				
Residential facilities		8,421,944		7,695,016
Dining facilities		5,148,438		5,482,603
Intercollegiate athletics		3,692,029		3,608,159
Other auxiliary enterprises expenses		5,305,603		6,657,294
Total operating expenses		107,677,735		109,212,691
Operating income (loss)		(45,083,133)		(43,017,300)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		33,958,589		32,222,965
Pell grants		8,718,903		9,272,682
Gifts			\$1,512,376	307,000
Investment income (loss)	908,004		2,391,252	\$779,093
Less: Investment expense	(15,746)	892,258	612,168	(916,388)
Interest on indebtedness		(1,592,594)	(13,785)	598,383
Other revenues (expenses), gains and (losses)		36,638		(1,720,205)
Other affiliated foundation revenues			163,653	1,071,839
Other affiliated foundation expenses			(2,351,764)	1,466,684
Transfers (to) from other University System of Maryland institutions		(72,652)		(1,658,258)
Total nonoperating revenues (expenses)		41,941,142	1,715,517	41,815,465
Income (loss) before other revenue		(3,141,991)	1,715,517	(1,201,835)
OTHER REVENUE:				
Capital appropriations		15,628,184		4,153,111
Total other revenue		15,628,184		4,153,111
Increase (decrease) in net position		12,486,193	1,715,517	2,951,276
Net position - beginning of year		140,618,044	21,310,311	137,666,768
Net position - end of year		\$153,104,237	\$23,025,828	\$140,618,044

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$17,173,134	\$18,502,769
Research contracts and grants	18,730,639	21,951,080
Payments to employees	(70,450,920)	(69,282,736)
Payments to suppliers and contractors	(28,682,763)	(30,035,098)
Loans issued to students	(1,092,250)	(997,500)
Collections of loans to students	1,070,394	1,015,725
Auxiliary enterprises:		
Residential facilities	10,161,829	9,791,079
Dining facilities	5,730,708	5,804,210
Intercollegiate athletics	3,080,131	2,599,818
Parking facilities	168,172	153,745
Other	5,816,631	5,946,320
Other receipts (payments)	<u>1,160,494</u>	<u>3,895,684</u>
Net cash provided (used) by operating activities	<u>(37,133,801)</u>	<u>(30,654,904)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	33,958,589	32,222,965
Pell grants	<u>8,718,903</u>	<u>9,272,682</u>
Net cash provided by noncapital financing activities	<u>42,677,492</u>	<u>41,495,647</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	11,336	1,970,381
Capital appropriations	15,628,184	4,153,111
Purchases of capital assets	(17,243,149)	(8,659,030)
Principal paid on debt and capital leases	(3,865,453)	(5,817,831)
Interest paid on debt and capital leases	(1,805,552)	(2,033,004)
Transfers (to) from other University System of Maryland institutions	<u>266,171</u>	<u>(956,541)</u>
Net cash provided (used) by capital and related financing activities	<u>(7,008,463)</u>	<u>(11,342,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	192,877	14,426
Interest on investments	381,079	375,228
Investment expense	(15,746)	(13,785)
Purchases of investments	<u>(1,090,234)</u>	<u>(307,000)</u>
Net cash provided (used) by investing activities	<u>(532,024)</u>	<u>68,869</u>
Net increase (decrease) in cash and equivalents	(1,996,796)	(433,302)
Cash and cash equivalents - beginning of the year	<u>17,534,660</u>	<u>17,967,962</u>
Cash and cash equivalents - end of the year	<u>\$15,537,864</u>	<u>\$17,534,660</u>

FROSTBURG STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2014 AND 2013

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$23,046,702	\$806,056	\$26,554,267	\$583,354
Accounts receivable, net	2,156,870	86,619	2,055,028	105,785
Notes receivable, current portion	119,619		117,528	
Inventories	939,827		898,206	
Prepaid expenses and other assets	565,694	17,905	357,925	18,161
Inter-institutional balances	241,400		563,728	
Total current assets	27,070,112	910,580	30,546,682	707,300
Noncurrent assets:				
Restricted cash and cash equivalents	171,336		157,338	
Accounts receivable, net		322,747		497,476
Endowment investments	2,453,381	17,106,970	1,135,319	15,385,773
Other investments		3,433,400		2,011,432
Notes receivable, net	967,830		950,909	
Other assets		276,050		257,845
Capital assets, net	162,194,781	307,318	139,926,156	977
Total noncurrent assets	165,787,328	21,446,485	142,169,722	18,153,503
Total assets	192,857,440	22,357,065	172,716,404	18,860,803
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	231,501		258,931	
Total assets and deferred outflows of resources	\$193,088,941	\$22,357,065	\$172,975,335	\$18,860,803
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$8,822,405	\$25,514	\$8,208,430	\$16,129
Accrued workers' compensation, current portion	104,935		121,675	
Accrued vacation costs, current portion	3,464,763		3,362,255	
Revenue bonds and notes payable, current portion	1,303,902		1,479,995	
Unearned revenue	1,845,180	39,746	1,352,666	32,866
Total current liabilities	15,541,185	65,260	14,525,021	48,995
Noncurrent liabilities:				
Accrued workers' compensation	572,065		663,325	
Accrued vacation costs	89,358			
Endowments invested on behalf of primary government		2,453,384		1,135,319
Revenue bonds and notes payable	20,959,281		21,834,016	
Total noncurrent liabilities	21,620,704	2,453,384	22,497,341	1,135,319
Total liabilities	37,161,889	2,518,644	37,022,362	1,184,314
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	22,277,842		23,450,360	
NET POSITION				
Unrestricted	12,996,948	801,553	16,311,501	288,003
Net investment in capital assets	117,885,257		93,420,716	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		12,094,102		10,820,115
Research		32,589		31,171
Other	750,000	4,977,836	750,000	4,617,153
Expendable:				
Scholarships and fellowships	9,248	257,505	9,748	100,766
Research	411,489	7,915	465,882	42,373
Loans	1,105,530		1,132,963	
Capital projects	171,336		157,338	
Other	319,402	1,666,921	254,465	1,776,908
Total net position	133,649,210	19,838,421	112,502,613	17,676,489
Total liabilities, deferred inflows of resources, and net position	\$193,088,941	\$22,357,065	\$172,975,335	\$18,860,803

FROSTBURG STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$34,351,534		\$33,496,207	
Less: scholarship allowances	<u>(8,026,414)</u>	\$26,325,120	<u>(7,404,498)</u>	\$26,091,709
Federal grants and contracts		1,478,947		1,896,872
State and local grants and contracts		1,873,237		1,732,183
Nongovernmental grants and contracts		277,016		212,269
Sales and services of educational departments		1,217,358		947,968
Auxiliary enterprises:				
Residential facilities	7,142,354		6,843,982	
Less: scholarship allowances	<u>(55,424)</u>	7,086,930	<u>(64,808)</u>	6,779,174
Dining facilities	7,547,492		7,193,439	
Less: scholarship allowances	<u>(17,450)</u>	7,530,042	<u>(18,332)</u>	7,175,107
Intercollegiate athletics	3,288,915		3,116,651	
Less: scholarship allowances	<u>(59,074)</u>	3,229,841	<u>(79,426)</u>	3,037,225
Bookstore	2,004,573		2,023,627	
Less: scholarship allowances	<u>(1,325)</u>	2,003,248	<u>(4,728)</u>	2,018,899
Other auxiliary enterprises revenues	4,886,593		4,924,333	
Less: scholarship allowances	<u>(23,448)</u>	4,863,145	<u>(39,478)</u>	4,884,855
Other operating revenues		<u>720,849</u>		<u>517,345</u>
Total operating revenue		<u>56,605,733</u>		<u>55,293,606</u>
OPERATING EXPENSES:				
Instruction		31,444,779		30,751,905
Research		193,236		124,456
Public service		3,564,636		3,014,610
Academic support		9,532,270		9,341,503
Student services		5,403,136		5,046,795
Institutional support		12,610,914		12,842,650
Operation and maintenance of plant		12,441,521		9,814,450
Scholarships and fellowships		6,697,240		6,098,765
Auxiliary enterprises:				
Residential facilities		5,338,901		4,203,745
Dining facilities		4,886,961		4,870,680
Intercollegiate athletics		3,480,004		3,485,953
Bookstore		1,824,705		2,291,768
Other auxiliary enterprises expenses		<u>4,462,641</u>		<u>4,943,741</u>
Total operating expenses		<u>101,880,944</u>		<u>96,831,021</u>
Operating income (loss)		<u>(45,275,211)</u>		<u>(41,537,415)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		34,511,355		33,450,191
Pell grants		7,509,432		6,933,682
Gifts		773,495	\$1,737,042	901,112
Investment income	537,047		2,147,280	409,578
Less: Investment expense	<u>(4,201)</u>	532,846	<u>(3,948)</u>	405,630
Interest on indebtedness		(787,798)		(799,565)
Other revenues (expenses), gains and (losses)		19,729		(24,791)
Other affiliated foundation revenues			508,490	492,456
Other affiliated foundation expenses			(2,230,880)	(2,023,926)
Transfers (to) from other University System of Maryland institutions		<u>(675,876)</u>		<u>(522,153)</u>
Total nonoperating revenues (expenses)		<u>41,883,183</u>	<u>2,161,932</u>	<u>40,344,106</u>
Income (loss) before other revenues		<u>(3,392,028)</u>	<u>2,161,932</u>	<u>(1,193,309)</u>
OTHER REVENUES:				
Capital appropriations		24,333,142		25,206,918
Capital gifts and grants		<u>205,483</u>		<u>21,355</u>
Total other revenues		<u>24,538,625</u>		<u>25,228,273</u>
Increase (decrease) in net position		<u>21,146,597</u>	<u>2,161,932</u>	<u>24,034,964</u>
Net position - beginning of year		<u>112,502,613</u>	<u>17,676,489</u>	<u>88,467,649</u>
Net position - end of year		<u>\$133,649,210</u>	<u>\$19,838,421</u>	<u>\$112,502,613</u>

**FROSTBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$26,391,987	\$26,359,157
Research contracts and grants	3,791,556	3,849,566
Payments to employees	(63,148,686)	(61,740,802)
Payments to suppliers and contractors	(31,784,353)	(27,498,310)
Loans issued to students	(216,718)	(175,068)
Collections of loans to students	197,706	146,501
Auxiliary enterprises:		
Residential facilities	5,914,411	5,606,655
Dining facilities	7,485,665	7,158,933
Intercollegiate athletics	3,222,210	3,037,225
Bookstore	2,368,633	2,051,215
Other	4,892,838	4,850,870
Other receipts (payments)	<u>2,587,880</u>	<u>2,420,812</u>
Net cash provided (used) by operating activities	<u>(38,296,871)</u>	<u>(33,933,246)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	34,511,355	33,450,191
Pell grants	<u>7,509,432</u>	<u>6,933,682</u>
Net cash provided by noncapital financing activities	<u>42,020,787</u>	<u>40,383,873</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	21,051	1,070,160
Capital appropriations	24,333,142	25,206,918
Purchases of capital assets	(28,591,844)	(31,161,212)
Principal paid on debt and capital leases	(1,226,989)	(2,085,620)
Interest paid on debt and capital leases	(855,110)	(899,765)
Transfers (to) from other University System of Maryland institutions	<u>(112,517)</u>	<u>(539,988)</u>
Net cash provided (used) by capital and related financing activities	<u>(6,432,267)</u>	<u>(8,409,507)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	5,773	6,210
Interest on investments	372,501	334,964
Investment expense	(4,201)	(3,948)
Purchases of investments	<u>(1,159,289)</u>	<u></u>
Net cash provided (used) by investing activities	<u>(785,216)</u>	<u>337,226</u>
Net increase (decrease) in cash and cash equivalents	(3,493,567)	(1,621,654)
Cash and cash equivalents - beginning of the year	<u>26,711,605</u>	<u>28,333,259</u>
Cash and cash equivalents - end of the year	<u><u>\$23,218,038</u></u>	<u><u>\$26,711,605</u></u>

**COPPIN STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$1,378,655	\$1,842,066		\$1,804,975
Accounts receivable, net	2,702,222	488,083	\$4,473,784	367,280
Notes receivable, current portion	56,192		56,192	
Prepaid expenses and other assets		4,797	30,080	4,245
Inter-institutional balances	(565,863)		(3,215,572)	
Total current assets	<u>3,571,206</u>	<u>2,334,946</u>	<u>1,344,484</u>	<u>2,176,500</u>
Noncurrent assets:				
Restricted cash and cash equivalents	81,951		61,547	
Endowment investments	1,584,558	8,678,293	779,586	8,084,447
Other investments		1,584,558		825,202
Notes receivable, net	1,555,448		1,520,296	
Other assets		130,752		
Capital assets, net	312,354,583		280,316,557	
Total noncurrent assets	<u>315,576,540</u>	<u>10,393,603</u>	<u>282,677,986</u>	<u>8,909,649</u>
Total assets	<u>319,147,746</u>	<u>12,728,549</u>	<u>284,022,470</u>	<u>11,086,149</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	392,775		456,379	
Total assets and deferred outflows of resources	<u>\$319,540,521</u>	<u>\$12,728,549</u>	<u>\$284,478,849</u>	<u>\$11,086,149</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$6,985,155	\$85,982	\$5,991,349	\$170,474
Accrued workers' compensation, current portion	154,845		164,145	
Accrued vacation costs, current portion	1,349,525		1,170,164	
Revenue bonds and notes payable, current portion	2,697,953		1,862,615	
Unearned revenue	2,702,346		2,290,778	
Total current liabilities	<u>13,889,824</u>	<u>85,982</u>	<u>11,479,051</u>	<u>170,474</u>
Noncurrent liabilities:				
Accrued workers' compensation	844,155		894,855	
Accrued vacation costs	1,458,942		1,720,763	
Endowments invested on behalf of primary government		1,584,558		779,586
Other payables		5,150		5,662
Revenue bonds and notes payable	34,778,173		28,287,515	
Total noncurrent liabilities	<u>37,081,270</u>	<u>1,589,708</u>	<u>30,903,133</u>	<u>785,248</u>
Total liabilities	<u>50,971,094</u>	<u>1,675,690</u>	<u>42,382,184</u>	<u>955,722</u>
NET POSITION				
Unrestricted	(10,737,493)	113,169	(12,692,750)	89,532
Net investment in capital assets	275,271,232		250,890,488	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	413,474		413,474	
Other	240,125	6,925,191	240,125	6,712,337
Expendable:				
Scholarships and fellowships	16,233	470,693	9,301	676,366
Loans	3,278,189		3,174,480	
Capital projects	81,951		61,547	
Other	5,716	3,543,806		2,652,192
Total net position	<u>268,569,427</u>	<u>11,052,859</u>	<u>242,096,665</u>	<u>10,130,427</u>
Total liabilities and net position	<u>\$319,540,521</u>	<u>\$12,728,549</u>	<u>\$284,478,849</u>	<u>\$11,086,149</u>

COPPIN STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$16,007,356		\$15,997,942	
Less: scholarship allowances	<u>(11,248,255)</u>	\$4,759,101	<u>(12,091,181)</u>	\$3,906,761
Federal grants and contracts		5,313,160		6,718,493
State and local grants and contracts		1,476,370		1,960,047
Nongovernmental grants and contracts		1,195,805		970,055
Sales and services of educational departments		770,004		844,240
Auxiliary enterprises:				
Residential facilities	3,269,971		3,216,805	
Less: scholarship allowances		3,269,971	<u>(46,618)</u>	3,170,187
Dining facilities		2,410,025		2,465,850
Intercollegiate athletics	2,980,672		3,091,057	
Less: scholarship allowances	<u>(1,261,083)</u>	1,719,589	<u>(1,114,720)</u>	1,976,337
Parking facilities		1,751,155		1,848,018
Other auxiliary enterprises revenues		<u>1,919,920</u>		<u>1,917,743</u>
Total operating revenues		<u>24,585,100</u>		<u>25,777,731</u>
OPERATING EXPENSES:				
Instruction		23,855,080		24,499,434
Research		9,138		56,581
Public service		198		149,236
Academic support		6,788,350		7,388,534
Student services		5,130,375		5,472,146
Institutional support		19,337,911		18,278,352
Operation and maintenance of plant		8,467,149		9,053,544
Scholarships and fellowships		410,336		286,269
Auxiliary enterprises:				
Residential facilities		2,251,326		2,141,980
Dining facilities		2,275,238		2,193,382
Intercollegiate athletics		3,812,918		3,572,802
Parking facilities		321,408		439,877
Other auxiliary enterprises expenses		<u>1,984,217</u>		<u>2,173,076</u>
Total operating expenses		<u>74,643,644</u>		<u>75,705,213</u>
Operating income (loss)		<u>(50,058,544)</u>		<u>(49,927,482)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		40,011,072		38,067,908
Pell grants		7,984,335		8,338,756
Gifts			\$851,903	\$517,649
Investment income (loss)	153,989		999,584	592,479
Less: Investment expense	<u>(2,886)</u>	151,103	<u>(2,881)</u>	49,595
Interest on indebtedness		(1,101,013)		(1,159,965)
Other revenues (expenses), gains and (losses)		(945,672)		(6,806)
Other affiliated foundation revenues			228,572	259,811
Other affiliated foundation expenses			(1,157,627)	(1,418,994)
Transfers (to) from other University System of Maryland institutions		<u>378,179</u>		<u>542,212</u>
Total nonoperating revenues (expenses)		<u>46,478,004</u>	<u>922,432</u>	<u>45,831,700</u>
Income (loss) before other revenue		<u>(3,580,540)</u>	<u>922,432</u>	<u>(4,095,782)</u>
OTHER REVENUE:				
Capital appropriations		<u>30,053,302</u>		<u>9,512,346</u>
Total other revenue		<u>30,053,302</u>		<u>9,512,346</u>
Increase (decrease) in net position		<u>26,472,762</u>	<u>922,432</u>	<u>5,416,564</u>
Net position - beginning of year		<u>242,096,665</u>	<u>10,130,427</u>	<u>236,680,101</u>
Net position - end of year		<u>\$268,569,427</u>	<u>\$11,052,859</u>	<u>\$242,096,665</u>

**COPPIN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$5,472,018	\$2,667,778
Research contracts and grants	8,127,446	10,084,403
Payments to employees	(47,170,343)	(49,483,433)
Payments to suppliers and contractors	(18,472,169)	(17,158,295)
Loans issued to students	(98,423)	(509,587)
Collections of loans to students	63,271	444,885
Auxiliary enterprises:		
Residential facilities	3,336,751	3,170,187
Dining facilities	2,410,025	2,465,850
Intercollegiate athletics	1,719,589	1,976,337
Parking facilities	1,752,155	1,848,018
Other	1,971,922	1,917,743
Other receipts (payments)	1,967,069	927,461
Net cash provided (used) by operating activities	(38,920,689)	(41,648,653)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	40,011,072	38,067,908
Pell grants	7,984,335	8,338,756
Net cash provided by noncapital financing activities	47,995,407	46,406,664
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	9,581,432	1,133,923
Capital appropriations	30,053,302	9,512,346
Purchases of capital assets	(41,039,157)	(10,821,067)
Principal paid on debt and capital leases	(1,822,999)	(2,295,311)
Interest paid on debt and capital leases	(1,165,775)	(1,240,853)
Transfers (to) from other University System of Maryland institutions	(2,575,600)	(1,284,148)
Net cash provided (used) by capital and related financing activities	(6,968,797)	(4,995,110)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	46,222	53,654
Investment expense	(2,886)	(2,881)
Purchases of investments	(750,198)	
Net cash provided (used) by investing activities	(706,862)	50,773
Net increase (decrease) in cash and cash equivalents	1,399,059	(186,326)
Cash and cash equivalents - beginning of the year	61,547	247,873
Cash and cash equivalents - end of the year	\$1,460,606	\$61,547

**UNIVERSITY OF BALTIMORE
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$33,180,539	\$10,699,703	\$39,179,967	\$11,784,329
Accounts receivable, net	2,250,128	7,040,434	5,377,722	2,610,300
Notes receivable, current portion	327,352		361,296	
Prepaid expenses and other assets	1,089,503		944,893	
Inter-institutional balances	(7,246,302)		(7,707,171)	
Total current assets	<u>29,601,220</u>	<u>17,740,137</u>	<u>38,156,707</u>	<u>14,394,629</u>
Noncurrent assets:				
Restricted cash and cash equivalents	90,987		122,877	
Accounts receivable, net				5,292,974
Endowment investments	1,051,991	43,577,440		38,750,242
Other investments		5,056,415		3,308,431
Notes receivable, net	2,642,303		2,886,481	
Other assets		21,071		1,040,107
Capital assets, net	190,668,318	836,126	189,177,176	865,696
Total noncurrent assets	<u>194,453,599</u>	<u>49,491,052</u>	<u>192,186,534</u>	<u>49,257,450</u>
Total assets	<u>224,054,819</u>	<u>67,231,189</u>	<u>230,343,241</u>	<u>63,652,079</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	633,031		708,472	
Total assets and deferred outflows of resources	<u>\$224,687,850</u>	<u>\$67,231,189</u>	<u>\$231,051,713</u>	<u>\$63,652,079</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$8,887,615	\$495,470	\$13,411,700	\$2,887,445
Accrued workers' compensation, current portion	109,275		98,115	
Accrued vacation costs, current portion	2,776,458		2,725,010	
Revenue bonds and notes payable, current portion	2,097,827		1,863,328	
Unearned revenue	7,480,926	644,551	7,098,496	717,097
Total current liabilities	<u>21,352,101</u>	<u>1,140,021</u>	<u>25,196,649</u>	<u>3,604,542</u>
Noncurrent liabilities:				
Accrued workers' compensation	595,725		534,885	
Accrued vacation costs	1,498,270		1,198,045	
Endowments invested on behalf of primary government		1,051,991		
Revenue bonds and notes payable	22,657,086		23,676,443	
Total noncurrent liabilities	<u>24,751,081</u>	<u>1,051,991</u>	<u>25,409,373</u>	
Total liabilities	<u>46,103,182</u>	<u>2,192,012</u>	<u>50,606,022</u>	<u>3,604,542</u>
NET POSITION				
Unrestricted	8,977,590	6,502,767	12,729,160	6,947,467
Net investment in capital assets	166,546,436		164,345,877	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		23,997,911		23,702,328
Other		12,100,842		11,719,402
Expendable:				
Scholarships and fellowships		11,114,421		7,217,490
Loans	2,969,655		3,247,777	
Capital projects	90,987		122,877	
Other		11,323,236		10,460,850
Total net position	<u>178,584,668</u>	<u>65,039,177</u>	<u>180,445,691</u>	<u>60,047,537</u>
Total liabilities and net position	<u>\$224,687,850</u>	<u>\$67,231,189</u>	<u>\$231,051,713</u>	<u>\$63,652,079</u>

UNIVERSITY OF BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$64,192,005		\$64,717,567	
Less: scholarship allowances	(16,349,259)	\$47,842,746	(15,037,957)	\$49,679,610
Federal grants and contracts		818,754		976,093
State and local grants and contracts		7,006,806		6,652,782
Nongovernmental grants and contracts		2,703,278		2,476,552
Sales and services of educational departments		1,031,060		1,046,658
Auxiliary enterprises:				
Parking facilities		1,021,793		794,829
Other auxiliary enterprises revenues		7,594,812		7,737,208
Other operating revenues		161,042		139,035
Total operating revenues		68,180,291		69,502,767
OPERATING EXPENSES:				
Instruction		40,638,257		37,119,854
Research		6,061,941		6,366,802
Academic support		13,821,405		12,837,020
Student services		9,606,342		9,370,963
Institutional support		21,071,391		21,742,736
Operation and maintenance of plant		4,831,461		5,017,348
Scholarships and fellowships		3,200,092		2,719,982
Auxiliary enterprises:				
Parking facilities		725,256		756,889
Other auxiliary enterprises expenses		5,604,162		2,975,103
Total operating expenses		105,560,307		98,906,697
Operating income (loss)		(37,380,016)		(29,403,930)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		31,159,514		30,462,629
Pell grants		6,122,699		6,055,227
Gifts			\$3,600,551	\$8,587,078
Investment income (loss)		214,691	6,480,402	200,017
Interest on indebtedness		(679,462)		(720,658)
Other affiliated foundation revenues			80,842	89,278
Other affiliated foundation expenses			(5,170,155)	(20,184,327)
Transfers (to) from other University System of Maryland institutions		(3,290,956)		(3,210,300)
Total nonoperating revenues (expenses)		33,526,486	4,991,640	(7,447,077)
Income (loss) before other revenue		(3,853,530)	4,991,640	(7,447,077)
OTHER REVENUE:				
Capital appropriations		526,113		26,310,415
Capital gifts and grants		1,466,394		16,618,433
Total other revenue		1,992,507		42,928,848
Increase (decrease) in net position		(1,861,023)	4,991,640	(7,447,077)
Net position - beginning of year		180,445,691	60,047,537	134,133,858
Net position - end of year		\$178,584,668	\$65,039,177	\$180,445,691

**UNIVERSITY OF BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$48,231,670	\$51,507,800
Research contracts and grants	10,738,191	8,653,439
Payments to employees	(77,051,333)	(77,207,789)
Payments to suppliers and contractors	(25,330,668)	(10,946,929)
Loans issued to students	(488,699)	(346,430)
Collections of loans to students	472,141	456,054
Auxiliary enterprises:		
Parking facilities	1,021,793	794,829
Other	7,594,812	7,737,208
Other receipts (payments)	4,001,887	1,708,202
	<u>(30,810,206)</u>	<u>(17,643,616)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	31,159,514	30,462,629
Pell grants	6,122,699	6,055,227
	<u>37,282,213</u>	<u>36,517,856</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	64,599	2,356,846
Capital appropriations	526,113	26,310,415
Capital grants and gifts received	1,466,394	14,251,783
Purchases of capital assets	(8,393,768)	(47,399,153)
Principal paid on debt and capital leases	(1,781,801)	(3,674,518)
Interest paid on debt and capital leases	(804,738)	(931,427)
Transfers (to) from other University System of Maryland institutions	(2,619,882)	(3,781,528)
	<u>(11,543,083)</u>	<u>(12,867,582)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	83,883	77,074
Purchases of investments	(1,044,125)	
	<u>(960,242)</u>	<u>77,074</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	(6,031,318)	6,083,732
Cash and cash equivalents - beginning of the year	39,302,844	33,219,112
Cash and cash equivalents - end of the year	<u>\$33,271,526</u>	<u>\$39,302,844</u>

**SALISBURY UNIVERSITY
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$99,447,359	\$218,571	\$94,009,655	\$446,745
Accounts receivable, net	2,562,112	660,059	2,051,724	393,781
Notes receivable, current portion	244,912		183,208	
Prepaid expenses and other assets	1,262,601	172,212	1,361,858	197,606
Inter-institutional balances	3,273,916		4,854,729	
Total current assets	106,790,900	1,050,842	102,461,174	1,038,132
Noncurrent assets:				
Restricted cash and cash equivalents			37	
Accounts receivable, net		6,406,662		5,963,394
Endowment investments	1,412,756	55,216,958		45,733,024
Other investments		8,919,848		6,828,912
Notes receivable, net	841,036		672,784	
Other assets		2,122,549		2,184,238
Capital assets, net	351,938,616	1,325,391	346,187,983	1,372,742
Total noncurrent assets	354,192,408	73,991,408	346,860,804	62,082,310
Total assets	460,983,308	75,042,250	449,321,978	63,120,442
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	589,847		865,917	
Total assets and deferred outflows of resources	\$461,573,155	\$75,042,250	\$450,187,895	\$63,120,442
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$12,602,101	\$170,624	\$11,421,358	\$259,695
Accrued workers' compensation, current portion	203,825		202,585	
Accrued vacation costs, current portion	1,899,495		1,964,141	
Revenue bonds and notes payable, current portion	5,073,101	1,753,960	6,040,031	1,875,757
Unearned revenue	1,953,246	223,706	2,519,062	227,254
Total current liabilities	21,731,768	2,148,290	22,147,177	2,362,706
Noncurrent liabilities:				
Accrued workers' compensation	1,111,175		1,104,415	
Accrued vacation costs	2,278,094		1,874,958	
Endowments invested on behalf of primary government		1,412,756		
Other payables		3,196,466		3,215,557
Revenue bonds and notes payable	104,097,685	4,840	104,346,178	
Total noncurrent liabilities	107,486,954	4,614,062	107,325,551	3,215,557
Total liabilities	129,218,722	6,762,352	129,472,728	5,578,263
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	28,484,162		30,245,050	
NET POSITION				
Unrestricted	87,804,106	5,919,741	82,821,207	5,093,776
Net investment in capital assets	214,873,515		206,422,641	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		11,964,395		11,657,005
Research		324,725		315,104
Other		14,627,693		13,903,003
Expendable:				
Scholarships and fellowships		9,365,273		6,087,209
Research	18,305	753,646	18,305	579,581
Loans	1,174,345		1,207,927	
Capital projects			37	
Other		25,324,425		19,906,501
Total net position	303,870,271	68,279,898	290,470,117	57,542,179
Total liabilities, deferred inflows of resources, and net position	\$461,573,155	\$75,042,250	\$450,187,895	\$63,120,442

SALISBURY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$66,465,301		\$62,747,558	
Less: scholarship allowances	<u>(14,090,925)</u>	\$52,374,376	<u>(12,745,422)</u>	\$50,002,136
Federal grants and contracts		1,433,434		1,676,045
State and local grants and contracts		3,443,471		3,071,798
Nongovernmental grants and contracts		1,314,421		1,058,898
Sales and services of educational departments		328,821		288,257
Auxiliary enterprises:				
Residential facilities	26,297,836		24,153,248	
Less: scholarship allowances	<u>(498,367)</u>	25,799,469	<u>(379,455)</u>	23,773,793
Dining facilities	13,542,780		12,459,953	
Less: scholarship allowances	<u>(13,195)</u>	13,529,585	<u>(3,820)</u>	12,456,133
Intercollegiate athletics		6,096,280		5,806,649
Bookstore		4,732,719		4,792,501
Parking facilities		583,484		534,085
Other auxiliary enterprises revenues	2,604,332		2,663,015	
Less: scholarship allowances	<u>(2,128)</u>	2,602,204	<u>(385)</u>	2,662,630
Other operating revenues		<u>150,871</u>		<u>165,963</u>
Total operating revenues		<u>112,389,135</u>		<u>106,288,888</u>
OPERATING EXPENSES:				
Instruction		49,555,999		48,779,937
Research		1,024,430		717,817
Public service		7,160,742		6,229,573
Academic support		10,277,975		9,255,275
Student services		6,151,947		5,873,805
Institutional support		15,127,725		14,472,350
Operation and maintenance of plant		17,823,795		16,727,030
Scholarships and fellowships		335,544		36,257
Auxiliary enterprises				
Residential facilities		12,817,884		11,905,239
Dining facilities		13,007,981		11,961,879
Intercollegiate athletics		3,901,550		4,049,941
Bookstores		4,260,693		4,494,948
Parking facilities		591,645		608,881
Other auxiliary enterprises expenses		<u>3,497,767</u>		<u>2,451,921</u>
Total operating expenses		<u>145,535,677</u>		<u>137,564,853</u>
Operating income (loss)		<u>(33,146,542)</u>		<u>(31,275,965)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		40,656,352		40,142,526
Pell grants		7,441,185		7,210,514
Gifts			\$5,309,154	\$3,708,204
Investment income (loss)		1,201,912	9,770,656	920,949
Interest on indebtedness		(4,010,795)		(3,806,647)
Other revenues (expenses), gains and (losses)		(1,451,737)		1,541,282
Other affiliated foundation revenues			1,519,080	1,782,379
Other affiliated foundation expenses			(5,861,171)	(5,292,794)
Transfers (to) from other University System of Maryland institutions		<u>(2,090,048)</u>		<u>(2,074,807)</u>
Total nonoperating revenues (expenses)		<u>41,746,869</u>	<u>10,737,719</u>	<u>43,933,817</u>
Income (loss) before other revenues		<u>8,600,327</u>	<u>10,737,719</u>	<u>12,657,852</u>
OTHER REVENUES:				
Capital appropriations		4,793,881		246,751
Capital gifts and grants		<u>5,946</u>		<u>21,060</u>
Total other revenues		<u>4,799,827</u>		<u>267,811</u>
Increase (decrease) in net position		<u>13,400,154</u>	<u>10,737,719</u>	<u>12,925,663</u>
Net position, beginning of year		<u>290,470,117</u>	<u>57,542,179</u>	<u>277,544,454</u>
Net position, end of year		<u>\$303,870,271</u>	<u>\$68,279,898</u>	<u>\$290,470,117</u>

**SALISBURY UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$51,642,968	\$50,292,852
Research contracts and grants	6,019,947	5,176,370
Payments to employees	(96,689,602)	(92,145,306)
Payments to suppliers and contractors	(33,839,667)	(31,684,307)
Loans issued to students	(503,793)	(68,000)
Collections of loans to students	273,837	249,007
Auxiliary enterprises:		
Residential facilities	24,055,841	22,010,384
Dining facilities	13,524,122	12,441,505
Intercollegiate athletics	6,094,783	5,807,166
Bookstore	4,732,719	4,792,501
Parking facilities	583,484	534,085
Other	2,582,359	2,641,948
Other receipts (payments)	(1,675,219)	1,890,347
Net cash provided (used) by operating activities	<u>(23,198,221)</u>	<u>(18,061,448)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	40,656,352	40,142,526
Pell grants	7,441,185	7,210,514
Net cash provided by noncapital financing activities	<u>48,097,537</u>	<u>47,353,040</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	4,289,809	13,315,804
Capital appropriations	4,793,881	246,751
Purchases of capital assets	(18,644,070)	(17,938,255)
Principal paid on debt and capital leases	(10,468,218)	(8,008,992)
Interest paid on debt and capital leases	(4,273,306)	(4,068,295)
Transfers (to) from other University System of Maryland institutions	5,051,099	(2,580,483)
Net cash provided (used) by capital and related financing activities	<u>(19,250,805)</u>	<u>(19,033,470)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	1,191,349	920,949
Purchases of investments	(1,402,193)	
Net cash provided (used) by investing activities	<u>(210,844)</u>	<u>920,949</u>
Net increase (decrease) in cash and cash equivalents	5,437,667	11,179,071
Cash and cash equivalents - beginning of the year	<u>94,009,692</u>	<u>82,830,621</u>
Cash and cash equivalents - end of the year	<u><u>\$99,447,359</u></u>	<u><u>\$94,009,692</u></u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$253,430,046		\$261,309,824	
Accounts receivable, net	25,856,778	\$336,663	29,180,124	\$4,901,719
Notes receivable, current portion	113,904		119,944	
Inventories	1,105,492		1,733,097	
Prepaid expenses and other assets	2,731,851	706,308	1,615,979	
Inter-institutional balances	5,751,581		685,592	
Total current assets	288,989,652	1,042,971	294,644,560	4,901,719
Noncurrent assets:				
Accounts receivable, net		301,723		308,419
Endowment investments	3,734,648	16,128,492	143,638	13,465,740
Other investments		9,528,662		5,664,160
Notes receivable, net	1,479,281		1,069,698	
Capital assets, net	171,121,498	3,953,976	179,019,481	3,605,262
Total noncurrent assets	176,335,427	29,912,853	180,232,817	23,043,581
Total assets	\$465,325,079	\$30,955,824	\$474,877,377	\$27,945,300
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$26,225,838		\$28,460,704	\$4,150,740
Accrued workers' compensation, current portion	155,000		142,910	
Accrued vacation costs, current portion	7,486,169		6,870,772	
Unearned revenue	31,825,325		36,598,949	
Total current liabilities	65,692,332		72,073,335	4,150,740
Noncurrent liabilities:				
Accrued workers' compensation	845,000		779,090	
Accrued vacation costs	5,174,950		4,928,863	
Endowments invested on behalf of primary government		\$3,734,648		143,638
Total noncurrent liabilities	6,019,950	3,734,648	5,707,953	143,638
Total liabilities	71,712,282	3,734,648	77,781,288	4,294,378
NET POSITION				
Unrestricted	220,791,280	6,074,777	216,482,273	5,156,775
Net investment in capital assets	171,121,498		179,019,481	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423	8,297,636	29,423	7,267,727
Research		208,138		192,348
Other		6,313,905		5,663,427
Expendable:				
Scholarships and fellowships	56,563	1,726,505	55,038	1,585,563
Research		1,319,206		955,580
Loans	1,614,033		1,509,874	
Other		3,281,009		2,829,502
Total net position	393,612,797	27,221,176	397,096,089	23,650,922
Total liabilities and net position	\$465,325,079	\$30,955,824	\$474,877,377	\$27,945,300

UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$287,664,641		\$314,526,058	
Less: scholarship allowances	(26,285,998)	\$261,378,643	(27,423,523)	\$287,102,535
Federal grants and contracts		1,195,331		1,426,336
State and local grants and contracts		3,379,898		3,480,568
Nongovernmental grants and contracts		1,808,583		1,140,931
Sales and services of educational departments		1,580,096		1,991,642
Auxiliary enterprises:				
Residential facilities		36,020		74,120
Bookstore		4,670,909		5,482,229
Parking facilities		864		5,612
Other operating revenues		15,123,101		10,425,768
Total operating revenues		289,173,445		311,129,741
OPERATING EXPENSES:				
Instruction		104,016,736		100,344,811
Research		88,494		84,216
Public service		14,752,879		12,069,854
Academic support		65,260,833		75,775,292
Student services		80,476,590		75,702,709
Institutional support		48,603,729		44,643,039
Operation and maintenance of plant		19,285,503		21,455,227
Scholarships and fellowships		25,394,818		26,285,877
Auxiliary enterprises:				
Residential facilities		71,882		79,783
Bookstore		4,840,648		5,632,796
Parking facilities		95,086		460,714
Total operating expenses		362,887,198		362,534,318
Operating income (loss)		(73,713,753)		(51,404,577)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		34,719,575		33,982,373
Pell grants		30,781,251		32,870,720
Gifts			\$3,621,613	\$883,476
Investment income	2,467,468		1,740,999	2,132,193
Less: Investment expense	(531)	2,466,937	(529)	2,131,664
Other revenues (expenses), gains and (losses)		2,795,583		(934,948)
Other affiliated foundation revenues			4,609	785
Other affiliated foundation expenses			(1,796,967)	(1,856,975)
Transfers (to) from other University System of Maryland institutions		(532,885)		(354,003)
Total nonoperating revenues (expenses)		70,230,461		67,695,806
Increase (decrease) in net position		(3,483,292)		16,291,229
Net position - beginning of period		397,096,089		380,804,860
Net position - end of period		\$393,612,797		\$397,096,089

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$261,159,057	\$284,601,596
Research contracts and grants	5,781,941	9,402,451
Payments to employees	(204,970,370)	(199,454,414)
Payments to suppliers and contractors	(145,731,352)	(139,618,446)
Loans issued to students	(428,024)	(74,000)
Collections of loans to students	24,481	224,116
Auxiliary enterprises:		
Residential facilities	36,020	74,120
Bookstore	4,670,909	5,482,229
Parking facilities	864	5,612
Other receipts (payments)	<u>18,905,519</u>	<u>12,169,461</u>
Net cash provided (used) by operating activities	<u>(60,550,955)</u>	<u>(27,187,275)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	34,719,575	33,982,373
Pell grants	<u>30,781,251</u>	<u>32,870,720</u>
Net cash provided by noncapital financing activities	<u>65,500,826</u>	<u>66,853,093</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sales of capital assets	2,348,960	1,228,857
Purchases of capital assets	(8,455,662)	(23,203,533)
Transfers (to) from other University System of Maryland institutions	<u>(5,598,874)</u>	<u>(442,975)</u>
Net cash provided (used) by capital and related financing activities	<u>(11,705,576)</u>	<u>(22,417,651)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	8,541	9,327
Interest on investments	2,423,124	2,122,100
Investment expense	(531)	(529)
Purchases of investments	<u>(3,555,207)</u>	<u></u>
Net cash provided (used) by investing activities	<u>(1,124,073)</u>	<u>2,130,898</u>
Net increase (decrease) in cash and cash equivalents	(7,879,778)	19,379,065
Cash and cash equivalents - beginning of the year	<u>261,309,824</u>	<u>241,930,759</u>
Cash and cash equivalents - end of the year	<u>\$253,430,046</u>	<u>\$261,309,824</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEETS
JUNE 30, 2014 AND 2013

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$105,873,726	\$447,122	\$103,149,867	\$976,735
Accounts receivable, net	15,388,884	2,506,837	15,798,195	23,713,215
Notes receivable, current portion	445,524		428,618	
Inventories	812,043		909,100	
Prepaid expenses and other assets	223,655	4,421,341	316,466	8,926
Inter-institutional balances	(566,570)		70,323	
Total current assets	122,177,262	7,375,300	120,672,569	24,698,876
Noncurrent assets:				
Restricted cash and cash equivalents	1,010,865		1,506,177	
Accounts receivable, net		2,651,938		3,478,830
Endowment investments	4,898,925	67,910,025	1,634,080	68,379,924
Other investments		30,132,937		22,319,752
Notes receivable, net	1,640,176		1,501,835	
Other assets				40,233
Capital assets, net	477,028,975	3,151,357	439,498,970	2,857,727
Total noncurrent assets	484,578,941	103,846,257	444,141,062	97,076,466
Total assets	606,756,203	111,221,557	564,813,631	121,775,342
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	2,083,563		2,401,186	
Total assets and deferred outflows of resources	\$608,839,766	\$111,221,557	\$567,214,817	\$121,775,342
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$25,533,515	\$46,181	\$24,764,102	\$21,144,821
Accrued workers' compensation, current portion	204,910		195,920	
Accrued vacation costs, current portion	7,563,273		7,011,980	
Revenue bonds and notes payable, current portion	8,170,149	50,761	7,567,560	49,261
Unearned revenue	11,316,328	5,866,418	13,668,360	6,418,421
Total current liabilities	52,788,175	5,963,360	53,207,922	27,612,503
Noncurrent liabilities:				
Accrued workers' compensation	1,117,090		1,068,080	
Accrued vacation costs	4,872,084		4,429,642	
Endowments invested on behalf of primary government		4,898,925		1,634,080
Other payables		452,977		602,977
Revenue bonds and notes payable	96,324,217	266,884	102,494,078	318,014
Total noncurrent liabilities	102,313,391	5,618,786	107,991,800	2,555,071
Total liabilities	155,101,566	11,582,146	161,199,722	30,167,574
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	37,740,913		39,538,099	
NET POSITION				
Unrestricted	75,892,989	26,674,839	70,609,473	24,025,067
Net investment in capital assets	336,877,259		292,300,419	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474	29,009,433	130,474	26,558,325
Research		727,674		702,895
Other		22,074,097		20,695,758
Expendable:				
Scholarships and fellowships		5,772,564		5,794,058
Research		4,410,762		3,491,934
Loans	2,085,700		1,930,453	
Capital projects	1,010,865		1,506,177	
Other		10,970,042		10,339,731
Total net position	415,997,287	99,639,411	366,476,996	91,607,768
Total liabilities, deferred inflows of resources, and net position	\$608,839,766	\$111,221,557	\$567,214,817	\$121,775,342

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$116,254,890		\$111,991,576	
Less: scholarship allowances	(17,018,256)	\$99,236,634	(16,864,825)	\$95,126,751
Federal grants and contracts		42,296,504		40,197,146
State and local grants and contracts		30,644,004		27,766,379
Nongovernmental grants and contracts		13,450,020		20,507,510
Sales and services of educational departments		4,468,447		3,932,812
Auxiliary enterprises:				
Residential facilities	24,040,369		23,385,342	
Less: scholarship allowances	(5,024,364)	19,016,005	(5,026,989)	18,358,353
Dining facilities	13,156,598		12,868,317	
Less: scholarship allowances	(2,695,722)	10,460,876	(2,641,522)	10,226,795
Intercollegiate athletics		10,381,957		9,819,301
Bookstore	6,352,895		6,450,783	
Less: scholarship allowances	(3,727)	6,349,168	(6,406)	6,444,377
Parking facilities		1,576,598		1,524,483
Other auxiliary enterprises revenues		18,090,501		17,555,497
Other operating revenues		18,319,266		13,270,254
Total operating revenues		274,289,980		264,729,658
OPERATING EXPENSES:				
Instruction		104,541,671		101,860,155
Research		60,962,894		56,831,603
Public service		21,104,865		20,393,150
Academic support		23,159,458		23,474,255
Student services		15,956,121		15,298,496
Institutional support		33,097,421		31,515,116
Operation and maintenance of plant		25,890,361		25,258,991
Scholarships and fellowships		21,406,652		17,908,397
Auxiliary enterprises:				
Residential facilities		18,401,602		15,168,393
Dining facilities		11,793,054		11,220,394
Intercollegiate athletics		7,688,892		7,807,363
Bookstore		6,076,560		6,327,929
Parking facilities		462,262		452,460
Other auxiliary enterprises expenses		13,081,825		12,487,540
Total operating expenses		363,623,638		346,004,242
Operating income (loss)		(89,333,658)		(81,274,584)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		98,847,396		96,306,355
Pell grants		13,421,285		13,005,945
Gifts		2,675	\$5,818,175	11,125
Investment income	1,491,445		9,286,309	1,236,400
Less: Investment expense	(6,047)	1,485,398	(5,860)	1,230,540
Interest on indebtedness		(3,997,632)		(3,990,600)
Other revenues (expenses), gains and (losses)		(281,290)		29,690,030
Other affiliated foundation revenues			2,537,711	2,542,283
Other affiliated foundation expenses			(9,610,552)	(8,969,215)
Transfers (to) from other University System of Maryland institutions		(5,039,479)		(4,150,018)
Total nonoperating revenues (expenses)		104,438,353	8,031,643	132,103,377
Income (loss) before other revenues		15,104,695	8,031,643	50,828,793
OTHER REVENUES:				
Capital appropriations		33,966,979		31,692,596
Capital gifts and grants		448,617		487,130
Total other revenues		34,415,596		32,179,726
Increase (decrease) in net position		49,520,291	8,031,643	83,008,519
Net position - beginning of year		366,476,996	91,607,768	283,468,477
Net position - end of year		\$415,997,287	\$99,639,411	\$366,476,996

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$101,270,428	\$95,972,501
Research contracts and grants	80,644,814	87,075,490
Payments to employees	(214,423,642)	(205,107,982)
Payments to suppliers and contractors	(128,311,727)	(116,537,165)
Loans issued to students	(113,796)	(240,220)
Collections of loans to students	333,219	284,625
Auxiliary enterprises:		
Residential facilities	17,598,269	13,262,202
Dining facilities	10,669,615	10,253,365
Intercollegiate athletics	10,589,121	9,844,813
Bookstore	6,475,861	6,461,120
Parking facilities	1,608,058	1,528,444
Other	18,451,483	17,601,108
Other receipts (payments)	<u>23,229,529</u>	<u>17,300,894</u>
Net cash provided (used) by operating activities	<u>(71,978,768)</u>	<u>(62,300,805)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	98,847,396	96,306,355
Pell grants	<u>13,421,285</u>	<u>13,005,945</u>
Net cash provided by noncapital financing activities	<u>112,268,681</u>	<u>109,312,300</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	1,000,909	18,483,051
Capital appropriations	33,966,979	31,692,596
Purchases of capital assets	(56,599,030)	(58,724,818)
Principal paid on debt and capital leases	(8,206,674)	(14,255,025)
Interest paid on debt and capital leases	(4,334,006)	(4,503,064)
Transfers (to) from other University System of Maryland institutions	<u>(2,110,097)</u>	<u>1,059,307</u>
Net cash provided (used) by capital and related financing activities	<u>(36,281,919)</u>	<u>(26,247,953)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	65,103	60,958
Interest on investments	1,267,631	1,125,025
Investment expense	(6,047)	(5,860)
Purchases of investments	<u>(3,106,134)</u>	<u></u>
Net cash provided (used) by investing activities	<u>(1,779,447)</u>	<u>1,180,123</u>
Net increase (decrease) in cash and cash equivalents	2,228,547	21,943,665
Cash and cash equivalents - beginning of the year	<u>104,656,044</u>	<u>82,712,379</u>
Cash and cash equivalents - end of the year	<u><u>\$106,884,591</u></u>	<u><u>\$104,656,044</u></u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$10,371,457		\$10,578,530	
Accounts receivable, net	5,343,189	\$18,685	5,258,939	\$715,554
Prepaid expenses and other assets		300,315		295
Inter-institutional balances	(21,852)		682	
Total current assets	15,692,794	319,000	15,838,151	715,849
Noncurrent assets:				
Endowment investments	373,074	1,943,633		1,317,754
Other investments		1,895,183		1,505,482
Notes receivable, net				7,003
Capital assets, net	70,102,411	17,155	71,056,938	
Total noncurrent assets	70,475,829	3,855,971	71,056,938	2,830,239
Total assets	86,168,623	4,174,971	86,895,089	3,546,088
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	120,687		137,092	
Total assets and deferred outflows of resources	\$86,289,310	\$4,174,971	\$87,032,181	\$3,546,088
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$1,738,411		\$1,878,582	\$415,074
Accrued workers' compensation, current portion	7,130		10,540	
Accrued vacation costs, current portion	617,688		595,550	
Revenue bonds and notes payable, current portion	1,289,142		1,212,074	
Unearned revenue	495,536	\$445,442	660,064	270,718
Total current liabilities	4,147,907	445,442	4,356,810	685,792
Noncurrent liabilities:				
Accrued workers' compensation	38,870		57,460	
Accrued vacation costs	2,255,280		2,174,453	
Endowments invested on behalf of primary government		373,074		
Revenue bonds and notes payable	8,965,521		9,851,831	
Total noncurrent liabilities	11,259,671	373,074	12,083,744	
Total liabilities	15,407,578	818,516	16,440,554	685,792
NET POSITION				
Unrestricted	10,912,953	714,355	10,245,739	623,614
Net investment in capital assets	59,968,435		60,345,888	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		1,062,724		878,948
Research		26,657		23,262
Other		808,657		684,926
Expendable:				
Scholarships and fellowships		203,048		191,764
Research		155,147		115,571
Other		385,867		342,211
Total net position	70,881,732	3,356,455	70,591,627	2,860,296
Total liabilities and net position	\$86,289,310	\$4,174,971	\$87,032,181	\$3,546,088

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$13,132,796		\$16,158,029	
State and local grants and contracts	5,367,293		4,267,223	
Nongovernmental grants and contracts	2,832,400		2,323,330	
Sales and services of educational departments	2,573,008		2,728,607	
Total operating revenues	<u>23,905,497</u>		<u>25,477,189</u>	
OPERATING EXPENSES:				
Research	45,163,154		46,629,730	
Operation and maintenance of plant	354,584		665,110	
Total operating expenses	<u>45,517,738</u>		<u>47,294,840</u>	
Operating income (loss)	<u>(21,612,241)</u>		<u>(21,817,651)</u>	
NONOPERATING REVENUE (EXPENSES):				
State appropriations	20,122,072		19,567,752	
Gifts		\$661,007		\$627,411
Investment income	133,264	182,884	105,552	455,353
Interest on indebtedness	(273,343)		(293,734)	
Other affiliated foundation revenues		10,866		1,336
Other affiliated foundation expenses		(358,598)		(309,362)
Transfers (to) from other University System of Maryland institutions	451,667		441,118	
Total nonoperating revenues (expenses)	<u>20,433,660</u>	<u>496,159</u>	<u>19,820,688</u>	<u>774,738</u>
Income (loss) before other revenues	<u>(1,178,581)</u>	<u>496,159</u>	<u>(1,996,963)</u>	<u>774,738</u>
OTHER REVENUE:				
Capital appropriations	1,468,686		241,840	
Total other revenue	<u>1,468,686</u>		<u>241,840</u>	
Increase (decrease) in net position	290,105	496,159	(1,755,123)	774,738
Net position - beginning of year	<u>70,591,627</u>	<u>2,860,296</u>	<u>72,346,750</u>	<u>2,085,558</u>
Net position - end of year	<u>\$70,881,732</u>	<u>\$3,356,455</u>	<u>\$70,591,627</u>	<u>\$2,860,296</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$21,083,711	\$23,125,969
Payments to employees	(27,337,174)	(26,706,025)
Payments to suppliers and contractors	(14,614,525)	(17,084,579)
Other receipts (payments)	<u>2,573,008</u>	<u>2,779,697</u>
Net cash provided (used) by operating activities	<u>(18,294,980)</u>	<u>(17,884,938)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	<u>20,122,072</u>	<u>19,567,752</u>
Net cash provided by noncapital financing activities	<u>20,122,072</u>	<u>19,567,752</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	2,613	481,669
Capital appropriations	1,468,686	241,840
Purchases of capital assets	(2,671,470)	(1,834,957)
Principal paid on debt and capital leases	(1,203,223)	(1,310,720)
Interest paid on debt and capital leases	(293,706)	(327,980)
Transfers (to) from other University System of Maryland institutions	<u>903,089</u>	<u>644,573</u>
Net cash provided (used) by capital and related financing activities	<u>(1,794,011)</u>	<u>(2,105,575)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	130,474	105,552
Purchases of investments	<u>(370,284)</u>	<u></u>
Net cash provided (used) by investing activities	<u>(239,810)</u>	<u>105,552</u>
Net increase (decrease) in cash and cash equivalents	(206,729)	(317,209)
Cash and cash equivalents - beginning of the year	<u>10,578,530</u>	<u>10,895,739</u>
Cash and cash equivalents - end of the year	<u>\$10,371,801</u>	<u>\$10,578,530</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEETS
JUNE 30, 2014 AND 2013**

	June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$158,391,467	\$76,181	\$148,665,828	\$48,547
Accounts receivable, net	1,594,495	1,982,584	503,097	4,454,306
Prepaid expenses and other assets		1,848,819		272,779
Inter-institutional balances	<u>6,115,583</u>		<u>6,096,669</u>	
Total current assets	<u>166,101,545</u>	<u>3,907,584</u>	<u>155,265,594</u>	<u>4,775,632</u>
Noncurrent assets:				
Restricted cash and cash equivalents	112,177,273		37,782,594	
Accounts receivable, net		215,044		
Endowment investments	19,943,290	8,806,672	8,892,664	13,328,093
Other investments		75,059,935		57,481,268
Other assets		420,190		275,035
Capital assets, net	<u>81,669,953</u>	<u>5,278,891</u>	<u>83,881,529</u>	<u>3,281,756</u>
Total noncurrent assets	<u>213,790,516</u>	<u>89,780,732</u>	<u>130,556,787</u>	<u>74,366,152</u>
Total assets	379,892,061	93,688,316	285,822,381	79,141,784
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refundings of debt	<u>984,118</u>		<u>1,088,022</u>	
Total assets and deferred outflows of resources	<u>\$380,876,179</u>	<u>\$93,688,316</u>	<u>\$286,910,403</u>	<u>\$79,141,784</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$4,717,843	\$766,899	\$4,138,628	\$5,348,070
Accrued workers' compensation, current portion	13,175		12,710	
Accrued vacation costs, current portion	640,751		544,408	
Revenue bonds and notes payable, current portion	6,747,545		2,649,491	
Unearned revenue		<u>293,013</u>		<u>12,534</u>
Total current liabilities	<u>12,119,314</u>	<u>1,059,912</u>	<u>7,345,237</u>	<u>5,360,604</u>
Noncurrent liabilities:				
Accrued workers' compensation	71,825		69,290	
Accrued vacation costs	1,001,895		1,032,415	
Endowments invested on behalf of primary government		19,925,100		8,852,501
Other payables		52,064,174		46,728,768
Revenue bonds and notes payable	<u>130,651,166</u>		<u>63,289,713</u>	
Total noncurrent liabilities	<u>131,724,886</u>	<u>71,989,274</u>	<u>64,391,418</u>	<u>55,581,269</u>
Total liabilities	<u>143,844,200</u>	<u>73,049,186</u>	<u>71,736,655</u>	<u>60,941,873</u>
NET POSITION				
Unrestricted	178,007,681	4,564,642	155,902,211	3,968,114
Net investment in capital assets	55,157,186		54,949,795	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,604	5,421,880	347,604	5,592,792
Research		136,003		148,019
Other	471,330	4,125,662	471,330	4,358,222
Expendable:				
Scholarships and fellowships	212,991	1,744,031	805,055	1,220,107
Research		1,332,598		356,535
Capital projects	2,275,492		1,863,245	
Other	<u>559,695</u>	<u>3,314,314</u>	<u>477,973</u>	<u>2,177,330</u>
Total net position	<u>237,031,979</u>	<u>20,639,130</u>	<u>215,173,748</u>	<u>18,199,911</u>
Total liabilities and net position	<u>\$380,876,179</u>	<u>\$93,688,316</u>	<u>\$286,910,403</u>	<u>\$79,141,784</u>

UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	Years ended June 30,			
	2014		2013	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$2,726,176		\$3,442,513	
State and local grants and contracts	6,318		148,656	
Nongovernmental grants and contracts	703,997		330,093	
Other operating revenues	<u>212,920</u>		<u>174,300</u>	
Total operating revenues	<u>3,649,411</u>		<u>4,095,562</u>	
OPERATING EXPENSES:				
Academic support	5,701,427		6,334,077	
Institutional support	<u>17,744,980</u>		<u>14,006,220</u>	
Total operating expenses	<u>23,446,407</u>		<u>20,340,297</u>	
Operating income (loss)	<u>(19,796,996)</u>		<u>(16,244,735)</u>	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	20,718,530		19,262,886	
Gifts	6,060	\$1,169,112		\$1,178,823
Investment income (loss)	\$2,782,203	3,103,318	\$2,005,919	(8,373,680)
Less: Investment expense	<u>(32,903)</u>	2,749,300	<u>(33,342)</u>	1,972,577
Interest on indebtedness	(6,348,315)		(6,263,571)	
Other revenues (expenses), gains and (losses)	2,449,118		2,256,464	
Other affiliated foundation revenues		3,237,521		2,333,915
Other affiliated foundation expenses		(5,070,732)		(4,026,893)
Transfers (to) from other University System of Maryland institutions	<u>21,402,272</u>		<u>16,271,985</u>	
Total nonoperating revenue (expenses)	<u>40,976,965</u>	<u>2,439,219</u>	<u>33,500,341</u>	<u>(8,887,835)</u>
Income (loss) before other revenue	<u>21,179,969</u>	<u>2,439,219</u>	<u>17,255,606</u>	<u>(8,887,835)</u>
OTHER REVENUE:				
Capital gifts and grants	<u>678,262</u>			
Total other revenue	<u>678,262</u>			
Increase (decrease) in net position	<u>21,858,231</u>	<u>2,439,219</u>	<u>17,255,606</u>	<u>(8,887,835)</u>
Net position - beginning of year	<u>215,173,748</u>	<u>18,199,911</u>	<u>197,918,142</u>	<u>27,087,746</u>
Net position - end of year	<u>\$237,031,979</u>	<u>\$20,639,130</u>	<u>\$215,173,748</u>	<u>\$18,199,911</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	Years ended June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$3,589,117	\$3,746,769
Payments to employees	(14,031,868)	(13,761,506)
Payments to suppliers and contractors	(6,491,057)	(8,929,299)
Other receipts (payments)	1,706,367	3,601,934
	<u>1,706,367</u>	<u>3,601,934</u>
Net cash provided (used) by operating activities	<u>(15,227,441)</u>	<u>(15,342,102)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	<u>20,718,530</u>	<u>19,262,886</u>
Net cash provided by noncapital financing activities	<u>20,718,530</u>	<u>19,262,886</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	94,407,454	35,993,077
Purchases of capital assets	(180,667)	(432,163)
Principal paid on debt and capital leases	(1,823,473)	(18,691,937)
Interest paid on debt and capital leases	(5,837,194)	(7,053,436)
Transfers (to) from other University System of Maryland institutions	364,435	(36,410,290)
	<u>364,435</u>	<u>(36,410,290)</u>
Net cash provided (used) by capital and related financing activities	<u>86,930,555</u>	<u>(26,594,749)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	118,330	22,616,919
Interest on investments	1,613,247	1,383,456
Investment expense	(32,903)	(257,003)
Purchases of investments	(10,000,000)	
	<u>(10,000,000)</u>	<u></u>
Net cash provided (used) by investing activities	<u>(8,301,326)</u>	<u>23,743,372</u>
Net increase (decrease) in cash and cash equivalents	84,120,318	1,069,407
Cash and cash equivalents - beginning of the year	<u>186,448,422</u>	<u>185,379,015</u>
Cash and cash equivalents - end of the year	<u>\$270,568,740</u>	<u>\$186,448,422</u>

UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, NONMAJOR COMPONENT UNITS
JUNE 30, 2014

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	The Hawk Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
ASSETS																	
Current assets																	
Cash	\$761,184	\$81,064	\$1,160,424	\$81,654	\$281,557	\$4,634,175	\$189,862	\$67,631	\$806,056	\$1,842,066	\$10,699,703	\$139,374	\$79,197	\$438,371	\$57,490	\$447,122	\$21,766,930
Accounts receivable, net	7,791		337,584	10	332,757	185,816		730,947	86,619	488,083	7,040,434	598,174	61,885	32,578	73,056	55,848	10,031,582
Other assets	180,646	31,384	12,041	1,061	2,984	131,974	6,826	9,225	17,905	4,797		67,156	105,056	7,120			578,175
Total current assets	949,621	112,448	1,510,049	82,725	617,298	4,951,965	196,688	807,803	910,580	2,334,946	17,740,137	804,704	246,138	478,069	130,546	502,970	32,376,687
Investments																	
Endowment investments	8,795,324	2,269,037			6,884,106	62,815,087			17,106,970	8,678,293	43,577,440	55,134,567	82,391	3,214,699			208,557,914
Other investments		297,908	6,491,334						980,016		4,004,424	7,507,092				9,184,500	28,465,274
Total investments	8,795,324	2,566,945	6,491,334		6,884,106	62,815,087			18,086,986	8,678,293	47,581,864	62,641,659	82,391	3,214,699		9,184,500	237,023,188
Noncurrent assets																	
Accounts receivable, net						871,275			322,747			6,406,662					7,600,684
Capital assets, net						2,072	7,674,882		307,318		836,126	1,211,964	113,427	85,906	5,067	3,084,386	13,321,148
Other assets							593,142		276,050	130,752	21,071	2,109,854	12,695				3,143,564
Total other assets						873,347	8,268,024		906,115	130,752	857,197	9,728,480	126,122	85,906	5,067	3,084,386	24,065,396
Total assets	\$9,744,945	\$2,679,393	\$8,001,383	\$82,725	\$7,501,404	\$68,640,399	\$196,688	\$9,075,827	\$19,903,681	\$11,143,991	\$66,179,198	\$73,174,843	\$454,651	\$3,778,674	\$135,613	\$12,771,856	\$293,465,271
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$34,565		\$1,189,398	\$143	\$29,109	\$671,060	\$92,006	\$1,677,931	\$25,514	\$85,982	\$495,470	\$112,985	\$57,639	\$106,949	\$85,609	\$30,835	\$4,695,195
Long-term debt, current												1,750,000	3,960		23,000	50,761	1,827,721
Deferred income	800		241,667					525,310	39,746		644,551	178,719	44,987		58,434	5,605,411	7,339,625
Total current liabilities	35,365		1,431,065	143	29,109	671,060	92,006	2,203,241	65,260	85,982	1,140,021	2,041,704	106,586	106,949	167,043	5,687,007	13,862,541
Noncurrent liabilities																	
Other payables								385,000		5,150		3,180,317	16,149		5,020	452,977	4,044,613
Long-term debt, noncurrent								5,180,188					4,840			266,884	5,451,912
Total other liabilities								5,565,188		5,150		3,180,317	20,989		5,020	719,861	9,496,525
Total liabilities	35,365		1,431,065	143	29,109	671,060	92,006	7,768,429	65,260	91,132	1,140,021	5,222,021	127,575	106,949	172,063	6,406,868	23,359,066
NET ASSETS																	
Unrestricted	998,247	\$2,679,393	6,570,318	57,082	635,981	3,616,711	104,682	1,297,295	801,553	113,169	6,502,767	5,637,033	282,708	1,072,583	(36,450)	6,364,988	36,698,060
Temporarily restricted:																	
Scholarships & fellowships						11,542,006			257,505	470,693	11,114,421	9,365,273					32,749,898
Research						7,639			7,915			753,646					769,200
Other	6,759,513			25,500	2,347,257	15,008,665		10,103	1,666,921	3,543,806	11,323,236	25,288,699	35,726	430,580			66,440,006
Permanently restricted:																	
Scholarships & fellowships						22,224,188			12,094,102		23,997,911	11,964,395					70,280,596
Research						10,203			32,589			324,725					367,517
Other	1,951,820				4,489,057	15,559,927			4,977,836	6,925,191	12,100,842	14,619,051	8,642	2,168,562			62,800,928
Total net assets	9,709,580	2,679,393	6,570,318	82,582	7,472,295	67,969,339	104,682	1,307,398	19,838,421	11,052,859	65,039,177	67,952,822	327,076	3,671,725	(36,450)	6,364,988	270,106,205
Total liabilities and net assets	\$9,744,945	\$2,679,393	\$8,001,383	\$82,725	\$7,501,404	\$68,640,399	\$196,688	\$9,075,827	\$19,903,681	\$11,143,991	\$66,179,198	\$73,174,843	\$454,651	\$3,778,674	\$135,613	\$12,771,856	\$293,465,271

UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEETS, NONMAJOR COMPONENT UNITS
JUNE 30, 2013

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	The Hawk Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
ASSETS																	
Current assets																	
Cash	\$1,151,741	\$30,391	\$1,613,600	\$75,658	\$429,480	\$5,287,876	\$89,520	\$583,354	\$1,804,975	\$11,784,329	\$367,727	\$79,018	\$614,884		\$14,701	\$976,735	\$24,903,989
Accounts receivable, net	6,899	406	456,724	13	305,265	164,930	264,344	105,785	367,280	2,610,300	367,114	26,667	46,718		82,097	133,187	4,937,729
Other assets	135,976	25,000	13,613	1,061	2,969	128,722		18,161	4,245		76,151	121,455	7,049				534,402
Total current assets	1,294,616	55,797	2,083,937	76,732	737,714	5,581,528	353,864	707,300	2,176,500	14,394,629	810,992	227,140	668,651		96,798	1,109,922	30,376,120
Investments																	
Endowment investments	6,488,822	2,140,422			6,193,061	54,516,247		15,385,773	8,084,447	38,750,242	45,712,416	20,608	2,825,234				180,117,272
Other investments		265,098	5,787,219					876,110	45,616	3,308,431	6,828,912					8,382,086	25,493,472
Total investments	6,488,822	2,405,520	5,787,219		6,193,061	54,516,247		16,261,883	8,130,063	42,058,673	52,541,328	20,608	2,825,234			8,382,086	205,610,744
Noncurrent assets																	
Accounts receivable, net						954,239		497,476		5,292,974	5,963,394						12,708,083
Capital assets, net						3,502	635,206	977		865,696	1,263,601	109,141	93,416		4,714	2,857,727	5,833,980
Other assets							532,068	257,845		1,040,107	2,159,854	24,384					4,014,258
Total other assets						957,741	1,167,274	756,298		7,198,777	9,386,849	133,525	93,416		4,714	2,857,727	22,556,321
Total assets	\$7,783,438	\$2,461,317	\$7,871,156	\$76,732	\$6,930,775	\$61,055,516	\$1,521,138	\$17,725,481	\$10,306,563	\$63,652,079	\$62,739,169	\$381,273	\$3,587,301		\$101,512	\$12,349,735	\$258,543,185
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$34,497		\$1,639,641		\$13,567	\$482,591	\$16,046	\$16,126	\$170,474	\$2,887,445	\$209,186	\$50,509	\$168,298		\$21,608	\$35,576	\$5,745,564
Long-term debt, current											1,875,757				23,000	49,261	1,948,018
Deferred income	2,500						75,310	32,866		717,097	188,141	39,113			55,034	6,161,964	7,272,025
Total current liabilities	36,997		1,639,641		13,567	482,591	91,356	48,992	170,474	3,604,542	2,273,084	89,622	168,298		99,642	6,246,801	14,965,607
Noncurrent liabilities																	
Other payables									5,662		3,215,557				5,543	602,977	3,829,739
Long-term debt, noncurrent																318,014	318,014
Total other liabilities									5,662		3,215,557				5,543	920,991	4,147,753
Total liabilities	36,997		1,639,641		13,567	482,591	91,356	48,992	176,136	3,604,542	5,488,641	89,622	168,298		105,185	7,167,792	19,113,360
NET ASSETS																	
Unrestricted	971,656	\$2,461,317	6,231,515	\$48,773	614,461	2,915,807	1,419,679	288,003	89,532	6,947,467	4,820,683	273,093	903,757		(3,673)	5,181,943	33,164,013
Temporarily restricted:																	
Scholarships & fellowships						7,799,569		100,766	676,366	7,217,490	6,087,209						21,881,400
Research						5,050		42,373			579,581						627,004
Other	6,524,785			27,959	1,825,690	12,785,860	10,103	1,776,908	2,652,192	10,460,850	19,896,585	9,916	569,353				56,540,201
Permanently restricted:																	
Scholarships & fellowships						22,591,446		10,820,115		23,702,328	11,657,005						68,770,894
Research						10,203		31,171			315,104						356,478
Other	250,000				4,477,057	14,464,990		4,617,153	6,712,337	11,719,402	13,894,361	8,642	1,945,893				58,089,835
Total net assets	7,746,441	2,461,317	6,231,515	76,732	6,917,208	60,572,925	1,429,782	17,676,489	10,130,427	60,047,537	57,250,528	291,651	3,419,003		(3,673)	5,181,943	239,429,825
Total liabilities and net assets	\$7,783,438	\$2,461,317	\$7,871,156	\$76,732	\$6,930,775	\$61,055,516	\$1,521,138	\$17,725,481	\$10,306,563	\$63,652,079	\$62,739,169	\$381,273	\$3,587,301		\$101,512	\$12,349,735	\$258,543,185

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENTS OF NET ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2014

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation, University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Towson University Public Media, Inc.	The Hawk Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS																	
Revenues																	
Contributions & grants	\$1,957,490	\$6,465	\$11,375	\$10,000	\$32	\$445,876	\$299,888	\$300,000	\$624,759	\$82,160	\$292,577	\$683,213	\$561,162	\$171,169	\$342,833	\$638,953	\$6,427,952
Investment income	35,677	318,888	921,171	320	1,631	1,022,823		26,651	159,388	1,876	663,337	545,459	187,348	270,169		713,375	4,868,113
Other income	245,897	24,566	2,212,347		91,057	20	508	124,051	307,471	73,185	34,393	1,178,540	266,443	415,721	6,488	1,449,089	6,429,776
Assets released from restrictions	28,936			2,459	1,024,723	6,090,746		237,350	1,652,812	1,024,043	3,735,148	3,264,971		443,273			17,504,461
Total revenues	2,268,000	349,919	3,144,893	12,779	1,117,443	7,559,465	300,396	688,052	2,744,430	1,181,264	4,725,455	5,672,183	1,014,953	1,300,332	349,321	2,801,417	35,230,302
Expenses																	
Program	1,734,209	46,651	1,519,054	2,681	1,007,786	5,931,888	110,103	398,901	1,938,067	1,023,360	4,312,385	4,053,983	667,999	815,145	370,365	572,296	24,504,873
General & administrative	262,057	85,192	791,269	1,789	42,202	533,992	41,365	105,835	292,813	115,559	605,130	580,691	255,344	166,734	11,733	142,491	4,034,196
Fundraising	245,143				45,935	392,681	44,246			18,708	252,640	221,159	70,185	53,367			1,344,064
Other expense			495,767					305,700					11,810			903,585	1,716,862
Total expenses	2,241,409	131,843	2,806,090	4,470	1,095,923	6,858,561	195,714	810,436	2,230,880	1,157,627	5,170,155	4,855,833	1,005,338	1,035,246	382,098	1,618,372	31,599,995
Change in unrestricted net assets	26,591	218,076	338,803	8,309	21,520	700,904	104,682	(122,384)	513,550	23,637	(444,700)	816,350	9,615	265,086	(32,777)	1,183,045	3,630,307
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																	
Contributions & grants	43,013				799,797	3,234,916		198,005	735,049	496,777	2,788,028	3,671,528	25,810	277,014			12,269,937
Investment income	1,625,872				664,892	7,988,894			5,529	997,708	5,661,452	8,363,589		27,486			25,335,422
Other income					93,601	899,264		39,345	179,099	155,387	46,449	74,097					1,487,242
Assets released from restrictions	(1,434,157)			(2,459)	(1,036,723)	(6,155,243)		(237,350)	(907,383)	(963,931)	(3,736,612)	(3,264,971)		(443,273)			(18,182,102)
Change in temporarily restricted net assets	234,728			(2,459)	521,567	5,967,831			12,294	685,941	4,759,317	8,844,243	25,810	(138,773)			20,910,499
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS																	
Contributions & grants	296,599					660,426			377,234	272,966	519,946	367,441		106,739			2,601,351
Investment income									1,982,363		155,613	674,260		19,670			2,831,906
Other income						2,756			21,920								24,676
Assets released from restrictions	1,405,221				12,000	64,497			(745,429)	(60,112)	1,464						677,641
Change in permanently restricted net assets	1,701,820				12,000	727,679			1,636,088	212,854	677,023	1,041,701		126,409			6,135,574
Total change in net assets	1,963,139	218,076	338,803	5,850	555,087	7,396,414	104,682	(122,384)	2,161,932	922,432	4,991,640	10,702,294	35,425	252,722	(32,777)	1,183,045	30,676,380
Net assets - beginning of year	7,746,441	2,461,317	6,231,515	76,732	6,917,208	60,572,925		1,429,782	17,676,489	10,130,427	60,047,537	57,250,528	291,651	3,419,003	(3,673)	5,181,943	239,429,825
Net assets - end of year	\$9,709,580	\$2,679,393	\$6,570,318	\$82,582	\$7,472,295	\$67,969,339	\$104,682	\$1,307,398	\$19,838,421	\$11,052,859	\$65,039,177	\$67,952,822	\$327,076	\$3,671,725	(\$36,450)	\$6,364,988	\$270,106,205

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENTS OF NET ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2013

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation, University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	The Hawk Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS																	
Revenues																	
Contributions & grants	\$1,057,273	\$8,665	\$5,000		\$238	\$481,168	\$419,994	\$363,033	\$70,688	\$266,145	\$296,182	\$520,676	\$240,076		\$268,255		\$3,997,393
Investment income	53,785	183,355	662,707	\$555	1,093	679,492	26,784	66,720	2,099	854,023	345,764	151,155	145,432			\$268,569	3,441,533
Other income	427,761	(14,203)	2,009,771		99,546	17,253	1,447,310	231,750	72,064	33,276	1,402,997	291,304	295,644		10,621	1,543,300	7,868,394
Assets released from restrictions	4,000			941	1,212,157	5,158,328	5,777	1,681,225	1,014,471	18,290,912	2,950,149	5,939	379,790				30,703,689
Total revenues	1,542,819	177,817	2,677,478	1,496	1,313,034	6,336,241	1,899,865	2,342,728	1,159,322	19,444,356	4,995,092	969,074	1,060,942		278,876	1,811,869	46,011,009
Expenses																	
Program	861,938	416,998	1,294,767	11,550	923,087	5,387,686	310,343	1,522,325	996,287	19,298,111	3,747,727	662,041	723,475		311,092	440,320	36,907,747
General & administrative	231,497	56,715	785,751	1,712	39,019	515,025	94,496	137,386	105,673	593,026	433,769	239,422	156,557		7,989	94,747	3,492,784
Fundraising	202,582				56,920	267,057		20,978	23,834	293,190	162,332	41,838	37,337				1,106,068
Other expense			754,233				75,347	343,237	293,200			5,665		\$169,995		918,857	2,560,534
Total expenses	1,296,017	473,713	2,834,751	13,262	1,019,026	6,169,768	480,186	2,023,926	1,418,994	20,184,327	4,343,828	948,966	917,369	169,995	319,081	1,453,924	44,067,133
Change in unrestricted net assets	246,802	(295,896)	(157,273)	(11,766)	294,008	166,473	1,419,679	318,802	(259,672)	(739,971)	651,264	20,108	143,573	(169,995)	(40,205)	357,945	1,943,876
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																	
Contributions & grants	28,000				568,043	3,888,545		634,142	362,889	7,987,249	1,834,385	6,502	490,593				15,800,348
Investment income	1,150,368				353,745	5,192,400		2,208	590,380	3,206,871	5,452,477		34,438				15,982,887
Other income					92,750	791,150	15,880	257,874	187,747	55,392	88,078						1,488,871
Assets released from restrictions	(4,000)			(941)	(1,225,049)	(5,190,741)	(5,777)	(977,818)	(1,014,471)	(18,719,998)	(3,914,949)	(5,939)	(379,790)				(31,439,473)
Change in temporarily restricted net assets	1,174,368			(941)	(210,511)	4,681,354	10,103	(83,594)	126,545	(7,470,486)	3,459,991	563	145,241				1,832,633
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS																	
Contributions & grants	250,000					2,640,254		379,280	84,072	333,684	1,050,459						4,737,749
Investment income (loss)								1,162,426			275,269		(12,036)				1,425,659
Other income								12,001		610							15,443
Assets released from restrictions					12,892	32,413		(703,407)		429,086	964,800						735,784
Change in permanently restricted net assets	250,000				12,892	2,684,668		841,131	84,072	763,380	2,290,528		(12,036)				6,914,635
Total change in net assets	1,671,170	(295,896)	(157,273)	(12,707)	96,389	7,532,495	1,429,782	1,076,339	(49,055)	(7,447,077)	6,401,783	20,671	276,778	(169,995)	(40,205)	357,945	10,691,144
Net assets - beginning of year	6,075,271	2,757,213	6,388,788	89,439	6,820,819	53,040,430		16,600,150	10,179,482	67,494,614	50,848,745	270,980	3,142,225	169,995	36,532	4,823,998	228,738,681
Net assets - end of year	\$7,746,441	\$2,461,317	\$6,231,515	\$76,732	\$6,917,208	\$60,572,925	\$1,429,782	\$17,676,489	\$10,130,427	\$60,047,537	\$57,250,528	\$291,651	\$3,419,003		(\$3,673)	\$5,181,943	\$239,429,825

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTAL INFORMATION YEARS ENDED JUNE 30, 2014 AND 2013

ACCOUNTING AND REPORTING PRACTICES

Supplemental 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 have not been allocated to the other units of the System and accordingly have been included in the financial records of the System Office.

Facilities maintenance expenses

Certain expenses for facilities management for the System Office and the University of Maryland University College 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 University College, 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.