



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

December 14, 2020

1. Information and Discussion – USM Internal Audit’s Information Technology, Construction and Fraud Auditors Mr. Mosca

2. Information & Discussion – USM Audited Financial Statements Ms. Denson
Mr. Page
Ms. Herbst
 - Key Points Associated with FY 2020 Financial Statements
 - Financial Snapshot
 - Financial Dashboards
 - Affiliated Foundation Compliance Checklist

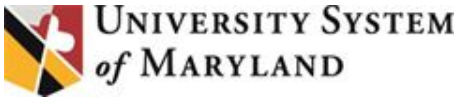
3. Information and Discussion – FY 2020 Independent Audit of USM’s Financial Statements, and Independent Auditor’s Recommendations to Management Ms. Bowman
 - Independent Auditor’s Presentation to the Board
 - Independent Auditor’s Communication to USM Governance
 - Financial Statements Together with Report of Independent Public Accountants
 - 2020 Signed Agreed Upon Procedures Institutions’ Enrollment Reports

4. Information – Completed Office of Legislative Audit Activity Mr. Mosca

5. Information & Discussion - Follow up of Action Items from Prior Meetings Mr. Mosca

6. Approval - Convene to Closed Session Ms. Fish

LINK TO CLOSED SESSION



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR **DISCUSSION**

TOPIC: USM Internal Audit’s Information Technology Auditors, Construction Auditor, Fraud Auditor and Executive Administrative Assistant

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 14, 2020

SUMMARY:

The Committee will be introduced to the Office of Internal Audit’s Information Technology Auditors, Construction Audit Manager, Fraud Audit Manager and Executive Administrative Assistant. Attached Internal Audit’s organizational chart with these functions highlighted.

1. Information Technology Auditors:
 - Lennox Brown – Assistant Director of IT Audits
 - Omar Gonzalez – IT/IS Auditor
 - Jean Kamsu – IT/IS Auditor
 - John Venturella – IT/IS Auditor
2. Jacqui White – Construction Audit Manager
3. David Mauriello – Fraud Audit Manager
4. Toni Ames – Executive Administrative Assistant

Attachment

FISCAL IMPACT: none

CHANCELLOR’S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

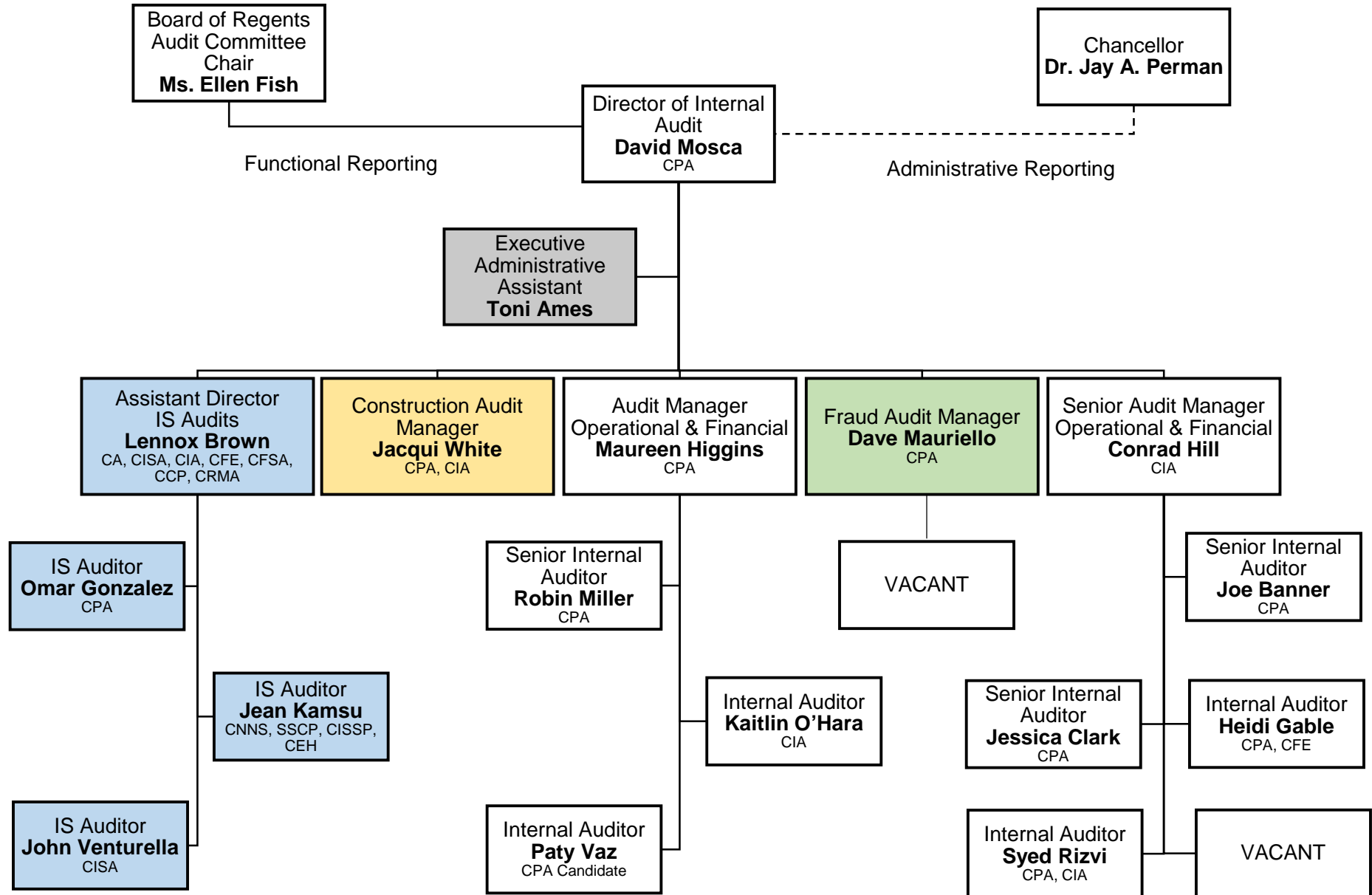
DATE:

SUBMITTED BY: David Mosca



Office of Internal Audit Organizational Chart

12/4/2020





BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Information – USM Audited Financial Statements and materials for the year ended June 30, 2020

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 14, 2020

SUMMARY:

This item includes the following:

University System of Maryland audited financial statements for the year ended June 30, 2020: The audited financial statements include financial information about financial position and results of operations for the USM, as well as what are known as ‘component units’, a subset of the System’s affiliated foundations. Financial statements for each USM institution are included as supplementary information.

Financial Snapshot: The analysis titled ‘Financial Snapshot’ summarizes the System’s key financial health ratio used by rating agencies, Available Resources to Debt Outstanding, using the figures reflected in the financial statements, to provide a comparison between June 30, 2020 and 2019. The second part of the Financial Snapshot adjusts the publicly reported balances to take into consideration Board-approved claims and authorizations not yet expended or reflected in the financial statements to arrive at a ‘true’ financial health ratio for internal management and decision-making purposes. The adjusted ratio is used for managerial decision making in the BOR Policy VIII-12.00 Policy on Debt Management.

Financial Dashboards: A set of indicators and ratios that visually summarize financial health or performance against a set of benchmarks, as well as indicators of improvement or not from the previous year. Included on page 10 is a Financial Dashboards Overview and Description that provides a brief explanation of each indicator. Page 12 includes comments and context from institutions regarding financial performance as it relates to the dashboards.

Maryland Higher Education Commission – Agreed Upon Procedures Reports: Annually, the auditors perform a set of agreed upon procedures to ensure the accuracy of fall enrollment data. The procedures include a verification of enrollment, race and ethnicity, and tuition status for all registered students and a verification of actual enrollment and first-time full-time status for students reported as first-time full-time.

Affiliated Foundation Compliance Checklist: The University System of Maryland recognizes 19 legally separate not for profit organizations as affiliated foundations. Affiliated foundation status enables USM institutions the right to allow affiliated foundations a license, or right to use the institution’s name in fundraising materials. The checklist provides a status summary of materials collected and reviewed as required under BOR Policy IX-2.00 Policy on Affiliated Foundations. Audited financial statements for each affiliated foundation are available upon request.

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

FISCAL IMPACT: Information item

CHANCELLOR’S RECOMMENDATION: Information item

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca



**Review of Financial Statements
Years ended June 30, 2020 and 2019**

Key points associated with FY 2020 financial statements and materials:

1. Audited financial statements (sent under separate cover)

A preliminary draft of the System's Balance Sheet and Statement of Revenues, Expenses and Other Changes in Position for the university system and its institutions was reviewed at the October 2020 BOR Audit Committee meeting. Those preliminary statements reflected a decline in unrestricted net position of \$91M. The audited financial statements provided for this meeting report a decline in unrestricted net position of \$78M, taking into account adjustments made to reflect revenue recognition for Federal CARES act funding that has evolved over the course of compiling the System's financial statements.

USM institutions were approved to spend some portion of unrestricted net assets to navigate the financial implications of the COVID-19 pandemic. All USM institutions met or exceeded the adjusted fund balance goals, which were lowered to reflect the need of institutions to make refunds to students and families, and accommodate increased spending needs associated with health and safety measures adopted to deal with the public health crisis.

As reinforced on the Dashboard Indicators below, the supplementary financial statements for the University of Maryland Eastern Shore (pages 73-75) reflect the financial impact of declines in enrollment over the past several years, reflected in the decline in cash from \$2.7M at the end of fiscal year 2019 to \$500k at the close of fiscal year 2020.

The financial statements for the University of Maryland Global Campus (pages 88-90) reflect both the financial activities and balances of the university, but also include the activities and balances of UMUC Ventures, which is combined with the institutions' financial information in the 'Institution' column. This presentation, referred to as 'blending', reflects the integral relationship and importance of UMUC Ventures to UMGC's operations. (the presentation of the other component units is described as a 'discrete' presentation, meaning that the financial information of the affiliated entities reported as component units are shown on separate financial displays distinct from the USM or its institutions (pages 13-14 and 16-17).

UMGC reported an increase in its unrestricted net position (\$4.9M) for fiscal year 2020, as did UMCES (\$800k), the University of Baltimore (\$3.5M), and Coppin State University (\$700k), each a reflection of the more limited impact of the pandemic on institution operations than those institutions with significant student housing and other auxiliary activities that suffered from the measures taken in the spring.

2. Financial Snapshot (Attachment A p4):

As shown on the 'Financial Snapshot', the financial statements report the key Balance Sheet strength ratio used by the rating agencies. Balance Sheet strength, defined as

the ratio of 'available resources' (USM unrestricted net position + unfunded pension amounts + accrued leave liability + affiliated foundation unrestricted net assets) to debt outstanding, is 197% at June 30, 2019 compared to 218% at June 30, 2020. This improvement is largely due to the System not issuing any new revenue bonds in FY20.

Adjusting for Board-approved commitments and authorizations to spend not yet reflected in the financial statements, FY20 resulted in a slight decrease in overall in 'true' financial standing, with the ratio of available resources to debt outstanding on an adjusted basis, changing from 132% in FY19 to 127% in FY20.

3. Financial Dashboards (Attachment B p5-12):

- A set of definitions for the financial measures used as dashboard indicators is included in the agenda item (p10). The measures used are ratios and standards that in the past have been developed and used in nation-wide studies and reviews of public higher education institutions by consulting firms and bond rating agencies.
- The top half of the dashboard indicators reflects each institution's ratio or statistic compared with a standard for the year or at the balance sheet date. The USM institutions that continue to have financial strength issues or concerns are UMES and CSU.
- The bottom half of the page reflect the year to year change, in terms of improvement or deterioration, of the ratio from the previous year. This year 4 institutions (UMCP, BSU, TU and FSU) are showing a decline in financial strength. This is largely due to the impact of COVID-19.
- 'Net tuition per FTE' and 'Net tuition dependency ratio' were added to the analysis for the first time in FY19. Net tuition per FTE ratio allows the institution to see the average amount of actual tuition revenue per student basis. All institutions except BSU showed a positive increase in this ratio. 'Net tuition dependency ratio' provides additional information on the degree of dependency on tuition as a source of funding. As a result of the financial impact of COVID-19, all institutions, except for BSU and UB, showed a negative trend for this ratio.
- The following institutions showed an increase in the ratio of debt service payments to operating spending: TU, FSU, SU and UMCES. TU, UMES, CSU, and SU exceeded the benchmark for this ratio. The increase in the ratios is the result of debt financing for student housing and other construction projects in recent years.
- Annually, institutions' success at collecting student accounts receivable is measured at the rate at which accounts are transferred to the state's Central Collection Unit, which is required by statute. A rate about 3% is cause for concern. All institutions are reporting a collection rate of less than 1% except for UMES (2.43%), UB (1.04) and UMGC (2.01%).

4. Maryland Higher Education Commission – Enrollment Reports

These ‘agreed-upon procedures’ reports assess the likely error rates for enrollment information for first-time freshman at each institution, based on the results of a statistical sample testing. Student data reported to the Maryland Higher Education Commission is compared with underlying information and documentation.

Below is a summary of exceptions report for Fall 2019 and 2018 enrollment:

Institution	Fall 2019	Fall 2018
UMES	10	3
FSU		1
CSU		1

The independent auditors reported 9 exceptions related to race, and 1 exception related to tuition status at UMES. Effective December 2, 2020, UMES has implemented a corrective action plan to ensure the accuracy of enrollment reports going forward.

5. Affiliated Foundation Compliance Checklist (Attachment C p13)

The analysis shows the status of collection of materials required to be provided to USM annually by October 31. The materials required under the Board of Regents policy each satisfy control objectives such as assurance as to compliance with state ethics law requirements, or that affiliated foundations are not competing with the institution on contract and grant opportunities, or that financial information needed for the System’s audited financial statements is provided in a timely fashion.

- UMES has begun the process of dissolving the affiliation with Maryland Hawk. Therefore, Maryland Hawk did not submit an audit report for the year ending June 30, 2020 or any other compliance reports.
- Robert H Smith School of Business Foundation is in the process of resolving audit and reporting issues with UMCP.
- USM expects to receive a final audit for MD Center at BSU.

The process for collecting BOR policy required materials will continue, and the review completed, over the next 60 days. By BOR Policy IX-2.00 Policy on Affiliated Foundations:

Should the foundation not submit the required reports within the required time period, the Chancellor and the responsible official shall issue a joint warning to the foundation. Should the foundation not demonstrate satisfactory progress toward immediate compliance, the Board of Regents may revoke its affiliated status or take other appropriate action.



**Financial Snapshot
As of June 30, 2020 Compared with 2019**

Attachment A

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
From the June 30, 2020 and 2019 audited financial statements		
USM unrestricted net position	\$ 1,212,195,784	\$ 1,289,908,203
Net pension liability and deferred balances	995,302,563	899,083,406
USM accrued leave	275,128,227	227,508,758
Affiliated foundations unrestricted net assets	<u>139,171,213</u>	<u>157,682,929</u>
Available funds	<u>\$ 2,621,797,787</u>	<u>\$ 2,574,183,296</u>
Debt outstanding	\$ 1,201,649,768	\$ 1,303,513,443
Ratio of available resources to debt outstanding per financial statements	218%	197%
 Claims against the June 30 available resources not reflected in financial statements:		
Available funds per financial statements	\$ 2,621,797,787	\$ 2,574,183,296
Cash-funded capital projects not fully spent at June 30,	(242,236,277)	(342,575,955)
Future years cash-funded capital projects committed but not yet authorized	(358,621,000)	(212,361,000)
Noncapital cash-funded projects not yet authorized	<u>(44,474,515)</u>	<u>(73,909,631)</u>
Adjusted available funds	<u>\$ 1,976,465,995</u>	<u>\$ 1,945,336,710</u>
Debt outstanding per financial statements	\$ 1,201,649,768	\$ 1,303,513,443
Revenue bond-funded projects authorized but debt not yet issued	<u>352,751,640</u>	<u>167,679,138</u>
Adjusted total debt outstanding	<u>\$ 1,554,401,408</u>	<u>\$ 1,471,192,581</u>
Ratio of available resources to debt outstanding, adjusted	127%	132%

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



Attachment B

University System of Maryland Financial Dashboard Indicators - for the year ended and as of June 30, 2020

*Is performance **ADEQUATE** on the Dashboard Indicators*

● Meets or exceeds benchmark ● Does not meet benchmark

	#	Indicator	System Wide Changes	System Wide											
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES
Financial Strength indicators	60	Ratio of unrestricted net position to debt (>50%)	185.6%	●	●	●	●	●	●	●	●	●	●	●	●
	61	Primary reserve ratio (>25%)	43.5%	●	●	●	●	●	●	●	●	●	●	●	●
	62	Ratio of current assets to current liabilities (>200%)	324.1%	●	●	●	●	●	●	●	●	●	●	●	●
Operational performance indicators	63	Student accounts receivable collection rate (<1%)	0.6%	●	●	●	●	●	●	●	●	●	●	●	●
	64	Net operating revenues ratio (>1%)	0.5%	●	●	●	●	●	●	●	●	●	●	●	●
	65	Ratio of debt service payments to operating spending (<4.5%)	2.8%	●	●	●	●	●	●	●	●	●	●	●	●
	66	Met fund balance goal for FY 2020		●	●	●	●	●	●	●	●	●	●	●	●
	FY20 Meets benchmark		6	6	6	5	2	4	3	5	5	6	7	7	
	FY20 Does not meet benchmark		1	1	1	2	5	3	4	2	2	1	0	0	
	FY19 Meets benchmark		7	7	7	6	0	7	3	6	6	5	7	7	
	FY19 Does not meet benchmark		0	0	0	1	7	0	4	1	1	2	0	0	

*Is performance **IMPROVING** on the Dashboard Indicators*

As compared to PY, ratio: ↑ Improved ↔ Maintained ↓ Worsened

	#	Indicator	System Wide Changes	System Wide												
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	
Financial Strength indicators	60	Ratio of unrestricted net position to debt	15.8%	↑	↓	↓	↓	↓	↓	↓	↑	↑	↑	↑	↑	↓
	61	Primary reserve ratio	-0.7%	↓	↓	↓	↓	↑	↓	↑	↑	↑	↑	↓	↑	
	62	Ratio of current assets to current liabilities	-13.9%	↑	↓	↓	↓	↑	↓	↑	↑	↑	↓	↓	↑	
Operational performance indicators	63	Student accounts receivable collection rate	-0.1%	↑	↓	↔	↓	↑	↑	↓	↓	↓	↓	↓	↓	N/A
	64	Net operating revenues ratio	-3.9%	↓	↓	↓	↓	↑	↓	↓	↑	↓	↑	↓	↑	
	65	Ratio of debt service payments to operating spending	0.0%	↑	↑	↑	↓	↑	↓	↑	↑	↓	↔	↑	↓	
Enrollment Performance Indicators	67	Net tuition per FTE	2.1%	↑	↑	↓	↑	↑	↑	↑	↑	↑	↑	↑	N/A	
	68	Net tuition dependency ratio	1.6%	↓	↓	↑	↓	↓	↓	↓	↑	↓	↓	↓	N/A	
	FY20 Has improved or maintained		5	2	2	1	6	2	5	7	4	5	3	3		
	FY20 Has not improved		3	6	6	7	2	6	3	1	4	3	5	2		
	Overall trend since PY		↑	↓	↓	↓	↑	↓	↑	↑	↔	↑	↓	↑		
	FY19 Has improved or maintained		7	6	5	6	3	6	8	6	4	4	6	4		
	FY19 Has not improved		1	2	3	2	5	2	0	2	4	4	2	1		

**University System of Maryland
Financial Performance Dashboard Indicators
Year ended June 30, 2020**

(% indicates change from prior year)

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
<u>Financial strength indicators</u>													
Ratio of unrestricted net position to debt	58.5%	-15.0%	-0.1%	-0.7%	-6.3%	-54.0%	12.9%	68.0%	10.9%	N/A	7.8%	-19.9%	15.8%
Primary reserve ratio	-0.4%	-2.2%	-9.4%	-2.4%	1.0%	-5.0%	3.7%	4.9%	0.3%	2.7%	-0.2%	4.9%	-0.7%
Ratio of current assets to current liabilities	11.4%	-29.2%	-46.7%	-12.3%	17.5%	-60.0%	25.8%	22.2%	25.7%	-14.2%	-24.7%	31.3%	-13.9%
<u>Operational performance indicators</u>													
Student accounts receivable collection rate	0.01%	-0.01%	0.00%	-0.01%	0.27%	0.12%	-0.30%	-0.11%	-0.01%	-0.41%	-0.02%	N/A	-0.05%
Net operating revenues ratio	-2.63%	-5.35%	-18.84%	-8.41%	5.06%	-11.55%	-0.05%	3.95%	-1.21%	4.67%	-3.01%	0.57%	-3.94%
Ratio of debt service payments to operating spending	0.06%	0.04%	0.18%	-0.29%	0.39%	-1.37%	0.04%	0.14%	-0.31%	0.00%	0.16%	-0.13%	-0.04%
Met fund balance goal for FY 2020	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
<u>Enrollment performance indicators</u>													
Net tuition per FTE	6.9%	1.5%	-0.9%	0.2%	16.5%	4.2%	3.7%	2.5%	1.0%	1.6%	1.0%	N/A	2.1%
Net tuition dependency ratio	0.9%	1.6%	-1.6%	5.2%	4.6%	6.4%	4.9%	-3.2%	5.0%	2.6%	1.8%	N/A	1.6%

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

University System of Maryland
Financial Performance Dashboard Indicators Data
Year ended June 30, 2020
(in thousands)

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
Financial Strength indicators													
Ratio of unrestricted net assets to debt: >50%													
Fiscal year ended June 30, 2020													
Unrestricted net position	314,532	561,029	80,760	244,523	(7,223)	26,232	10,995	27,215	109,624	338,940	148,302	20,069	2,207,499
Debt outstanding	70,838	315,623	37,254	357,158	16,623	52,959	33,438	12,828	84,912	-	139,377	6,648	1,189,540
Ratio	444.02%	177.75%	216.78%	68.46%	-43.45%	49.53%	32.88%	212.15%	129.10%	N/A	106.40%	301.88%	185.58%
Fiscal year ended June 30, 2019													
Unrestricted net position	310,350	588,506	86,909	245,176	(7,906)	29,615	7,333	21,028	108,881	329,935	143,638	18,488	2,188,992
Debt outstanding	80,512	305,353	40,078	354,299	21,264	28,609	36,653	14,590	92,121	-	145,635	5,745	1,289,317
Ratio	385.47%	192.73%	216.85%	69.20%	-37.18%	103.52%	20.01%	144.13%	118.19%	N/A	98.63%	321.81%	169.78%
Fiscal year ended June 30, 2018													
Unrestricted net position	280,607	540,597	81,037	221,740	(5,813)	26,477	3,377	17,356	106,582	336,203	129,670	16,913	2,022,096
Debt outstanding	89,768	312,654	42,261	360,823	24,795	18,432	39,643	16,785	96,867	-	151,809	6,442	1,269,269
Ratio	312.59%	172.91%	191.75%	61.45%	-23.44%	143.65%	8.52%	103.40%	110.03%	N/A	85.42%	262.54%	159.31%
Primary reserve ratio: >25%													
Fiscal year ended June 30, 2020													
Expendable net position	377,735	657,483	81,350	257,213	1,894	28,003	11,901	28,030	110,169	339,020	149,601	20,069	2,403,991
Operating expenses	1,257,854	2,088,034	132,749	433,218	119,695	115,243	89,787	112,387	183,146	445,428	461,998	50,136	5,520,683
Ratio	30.03%	31.49%	61.28%	59.37%	1.58%	24.30%	13.25%	24.94%	60.15%	76.11%	32.38%	40.03%	43.55%
Fiscal year ended June 30, 2019													
Expendable net position	377,737	681,998	87,262	260,406	719	33,025	8,427	22,202	109,477	331,380	145,535	18,496	2,390,442
Operating expenses	1,240,780	2,026,958	123,477	421,726	117,258	112,782	87,984	110,821	182,913	451,612	446,956	52,681	5,403,346
Ratio	30.44%	33.65%	70.67%	61.75%	0.61%	29.28%	9.58%	20.03%	59.85%	73.38%	32.56%	35.11%	44.24%
Fiscal year ended June 30, 2018													
Expendable net position	346,801	631,861	81,252	237,008	2,845	29,724	4,384	18,328	107,460	337,966	131,760	16,913	2,215,837
Operating expenses	1,143,818	1,936,521	118,939	405,027	116,819	110,204	87,606	110,159	174,024	423,376	417,573	51,510	5,118,946
Ratio	30.32%	32.63%	68.31%	58.52%	2.44%	26.97%	5.00%	16.64%	61.75%	79.83%	31.55%	32.83%	43.29%
Ratio of current assets to current liabilities: >200%													
Fiscal year ended June 30, 2020													
Current assets	510,431	904,047	98,700	301,886	9,693	39,145	22,893	46,649	131,208	402,890	195,898	24,674	3,011,464
Current liabilities	181,443	394,327	19,979	78,072	13,793	17,238	13,803	20,952	26,913	87,340	57,993	4,082	929,183
Ratio	281.32%	229.26%	494.02%	386.68%	70.27%	227.09%	165.86%	222.65%	487.53%	461.29%	337.80%	604.46%	324.10%
Fiscal year ended June 30, 2019													
Current assets	498,352	835,494	103,322	301,866	7,530	42,565	19,248	39,783	130,711	404,167	181,289	22,922	2,883,194
Current liabilities	184,618	323,262	19,109	75,669	14,257	14,827	13,739	19,848	28,303	84,997	50,010	3,999	852,935
Ratio	269.94%	258.46%	540.70%	398.93%	52.82%	287.08%	140.10%	200.44%	461.83%	475.51%	362.51%	573.19%	338.03%
Fiscal year ended June 30, 2018													
Current assets	451,332	767,487	95,456	273,688	8,024	39,034	14,655	37,786	126,703	409,611	164,311	20,685	2,659,629
Current liabilities	170,728	268,514	16,931	69,993	13,120	13,989	13,841	21,613	26,369	80,127	47,321	3,369	757,312
Ratio	264.36%	285.83%	563.79%	391.02%	61.16%	279.03%	105.88%	174.83%	480.50%	511.20%	347.23%	613.98%	351.19%

University System of Maryland
Financial Performance Dashboard Indicators Data
Year ended June 30, 2020
(in thousands)

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
Operational performance indicators													
Student accounts receivable collection rate: <1%													
Average - five-years ended June 30, 2020													
Net transfers to CCU	110	1,447	376	908	1,309	193	89	626	318	6,893	925		13,195
Gross billings	169,310	775,874	68,990	276,825	53,752	117,494	24,621	60,113	124,699	343,512	204,579		2,219,770
Ratio	0.07%	0.19%	0.54%	0.33%	2.43%	0.16%	0.36%	1.04%	0.26%	2.01%	0.45%	N/A	0.59%
Average - five-years ended June 30, 2019													
Net transfers to CCU	118	1,307	360	848	1,547	259	14	592	295	5,323	885		11,548
Gross billings	162,647	750,537	65,881	267,048	57,286	89,897	24,684	63,469	121,482	332,587	204,406		2,139,925
Ratio	0.07%	0.17%	0.55%	0.32%	2.70%	0.29%	0.06%	0.93%	0.24%	1.60%	0.43%	N/A	0.54%
Average - five-years ended June 30, 2018													
Net transfers to CCU	123	1,189	301	786	1,539	260	5	528	214	5,602	830		11,377
Gross billings	156,216	707,974	62,357	260,202	58,789	60,303	24,915	65,791	118,077	320,657	195,887		2,031,167
Ratio	0.08%	0.17%	0.48%	0.30%	2.62%	0.43%	0.02%	0.80%	0.18%	1.75%	0.42%	N/A	0.56%
Net operating revenues ratio: >1%													
Fiscal year ended June 30, 2020													
Change in unrestricted net position	4,182	(27,477)	(6,149)	(654)	683	(3,384)	3,662	6,187	744	9,005	4,665	1,582	18,507
Operating revenues	961,104	1,382,234	64,221	261,945	52,211	53,745	23,305	68,452	113,669	323,509	284,961	25,098	3,616,752
Ratio	0.44%	-1.99%	-9.57%	-0.25%	1.31%	-6.30%	15.71%	9.04%	0.65%	2.78%	1.64%	6.30%	0.51%
Fiscal year ended June 30, 2019													
Change in unrestricted net position	29,743	47,910	5,872	23,437	(2,093)	3,138	3,956	3,673	2,299	(6,268)	13,967	1,574	166,896
Operating revenues	971,696	1,426,705	63,370	287,171	55,828	59,771	25,099	72,129	123,342	332,923	300,636	27,468	3,748,609
Ratio	3.06%	3.36%	9.27%	8.16%	-3.75%	5.25%	15.76%	5.09%	1.86%	-1.88%	4.65%	5.73%	4.45%
Fiscal year ended June 30, 2018													
Change in unrestricted net position	39,733	50,337	15,217	23,238	(4,967)	1,412	3,063	(5,677)	4,363	19,389	17,162	598	200,560
Operating revenues	895,595	1,369,597	60,222	277,009	59,167	58,932	25,435	73,272	121,411	339,697	292,953	26,339	3,601,884
Ratio	4.44%	3.68%	25.27%	8.39%	-8.39%	2.40%	12.04%	-7.75%	3.59%	5.71%	5.86%	2.27%	5.57%
Ratio of debt service payments to operating spending: < 4.5%													
Fiscal year ended June 30, 2020													
Debt service payments	12,586	43,156	4,081	37,637	5,508	4,426	4,658	2,604	10,352	-	17,088	906	155,731
Operating expenses	1,257,854	2,088,034	132,749	433,218	119,695	115,243	89,787	112,387	183,146	445,428	461,998	50,136	5,520,683
Ratio	1.00%	2.07%	3.07%	8.69%	4.60%	3.84%	5.19%	2.32%	5.65%	0.00%	3.70%	1.81%	2.82%
Fiscal year ended June 30, 2019													
Debt service payments	13,133	42,685	4,020	35,411	5,850	2,787	4,598	2,728	9,767	-	17,247	885	150,432
Operating expenses	1,240,780	2,026,958	123,477	421,726	117,258	112,782	87,984	110,821	182,913	451,612	446,956	52,681	5,403,346
Ratio	1.06%	2.11%	3.26%	8.40%	4.99%	2.47%	5.23%	2.46%	5.34%	0.00%	3.86%	1.68%	2.78%
Fiscal year ended June 30, 2018													
Debt service payments	13,433	45,107	3,977	34,002	5,802	2,215	4,547	2,727	9,568	-	14,317	1,255	144,718
Operating expenses	1,143,818	1,936,521	118,939	405,027	116,819	110,204	87,606	110,159	174,024	423,376	417,573	51,510	5,118,946
Ratio	1.17%	2.33%	3.34%	8.39%	4.97%	2.01%	5.19%	2.48%	5.50%	0.00%	3.43%	2.44%	2.83%

University System of Maryland
Financial Performance Dashboard Indicators Data
Year ended June 30, 2020
(in thousands)

<u>Enrollment Performance Indicators</u>	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UB	SU	UMGC	UMBC	UMCES	Total USM
Net Tuition per FTE													
Fall 2019 (FY 2020) Enrollment													
Net Tuition and Fees	132,933	572,735	41,774	170,944	20,665	36,294	11,583	44,512	66,628	349,568	128,068	N/A	1,575,704
FTE	6,859	33,776	5,084	18,732	2,668	4,012	2,125	2,931	7,710	35,213	11,068	N/A	130,178
Net Tuition per FTE	\$ 19,381	\$ 16,957	\$ 8,217	\$ 9,126	\$ 7,745	\$ 9,046	\$ 5,451	\$ 15,186	\$ 8,642	\$ 9,927	\$ 11,571	N/A	\$ 12,104
Fall 2018 (FY 2019) Enrollment													
Net Tuition and Fees	125,285	568,478	42,203	172,484	19,526	36,518	11,253	49,224	66,147	351,199	129,797	N/A	1,572,115
FTE	6,908	34,017	5,090	18,947	2,938	4,207	2,141	3,323	7,728	35,944	11,324	N/A	132,567
Net Tuition per FTE	\$ 18,136	\$ 16,712	\$ 8,291	\$ 9,104	\$ 6,646	\$ 8,680	\$ 5,256	\$ 14,813	\$ 8,559	\$ 9,771	\$ 11,462	N/A	\$ 11,859
Fall 2017 (FY 2018) Enrollment													
Net Tuition and Fees	119,441	552,674	40,749	165,984	22,065	36,349	11,511	52,712	65,799	355,665	128,080	N/A	1,551,029
FTE	6,879	34,108	5,185	19,050	2,999	4,302	2,199	3,325	7,748	37,270	11,390	N/A	134,455
Net Tuition per FTE	\$ 17,363	\$ 16,204	\$ 7,859	\$ 8,713	\$ 7,358	\$ 8,449	\$ 5,235	\$ 15,853	\$ 8,492	\$ 9,543	\$ 11,245	N/A	\$ 11,536
Net Tuition Dependency Ratio													
Fiscal year ended June 30, 2020													
Net Tuition and Fees	132,933	572,735	41,774	170,944	20,665	36,294	11,583	44,512	66,628	349,568	128,068	N/A	1,575,704
Operating revenues	961,104	1,382,234	64,221	261,945	52,211	53,745	23,305	68,452	113,669	323,509	284,961	N/A	3,616,752
Ratio	13.83%	41.44%	65.05%	65.26%	39.58%	67.53%	49.70%	65.03%	58.62%	108.06%	44.94%	N/A	43.57%
Fiscal year ended June 30, 2019													
Net Tuition and Fees	125,285	568,478	42,203	172,484	19,526	36,518	11,253	49,224	66,147	351,199	129,797	N/A	1,572,115
Operating revenues	971,696	1,426,705	63,370	287,171	55,828	59,771	25,099	72,129	123,342	332,923	300,636	N/A	3,748,609
Ratio	12.89%	39.85%	66.60%	60.06%	34.98%	61.10%	44.84%	68.24%	53.63%	105.49%	43.17%	N/A	41.94%
Fiscal year ended June 30, 2018													
Net Tuition and Fees	119,441	552,674	40,749	165,984	22,065	36,349	11,511	52,712	65,799	355,665	128,080	N/A	1,551,029
Operating revenues	895,595	1,369,597	60,222	277,009	59,167	58,932	25,435	73,272	121,411	339,697	292,953	N/A	3,601,884
Ratio	13.34%	40.35%	67.66%	59.92%	37.29%	61.68%	45.26%	71.94%	54.20%	104.70%	43.72%	N/A	43.06%



Financial Dashboards Overview and Descriptions

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

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

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

Financial Strength Indicators (statement of net position)

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

Operational Financial Performance Indicators (statement of activities)

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

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

Enrollment performance indicators

- **Net tuition per FTE**

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

- **Net tuition dependency ratio**

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

Data Source

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

Institution Comments

University of Maryland, Baltimore

COVID-19 and an endowment loss had a negative effect on the net operating revenues ratio in FY20. Because of COVID-19, employees used less vacation time than usual causing the accrued vacation liability to increase by \$9.3 million (10%). Also, unrestricted endowment decreased by \$3.5 million. Excluding these reductions, the change in unrestricted net position would have been \$17.0 million, resulting in a net operating revenues ratio of 1.77% which would have met the USM goal of over 1%.

The primary reserve ratio decrease is due to the same factors described above. Excluding the accrued vacation increase and the unrestricted endowment decrease, the primary reserve ratio would have increased by 0.61% to 31.05%.

Lastly, spending for campus-funded capital projects increased significantly in FY20 to \$27.5 million, an increase of \$15.2 million over FY19 spending of \$12.3 million. This decrease in unrestricted net position accounts for the lower net operating revenues ratio in FY20 beyond the effects of accrued vacation and endowment described above.

Coppin State University

Coppin State's emphasis on improving its financial position and strength continues to be an integral part of the university's operational focus and strategic initiatives. Dashboard indicators 60, 61 and 62 show as not meeting the benchmark, however each one of the indicators has improved over the previous year. It is important to note that these indicators have improved each year for the last 5 years. Indicator 63, student account receivable collection rate, met the benchmark. However, the indicator decreased 0.3% compared to FY2019. This was primarily due to decreased collections by CCU and an increase in the number of accounts sent to CCU. Both of these items were adversely affected by the onset of the Covid-19 pandemic. Indicator 65, ratio of debt service payments to operating spending, met the benchmark in FY2020. However due to the refunding of student fees necessitated by the onset of the Covid-19 pandemic, the indicator did decrease over the previous year by 0.05%. Finally, Coppin has met or exceeded its fund balance goal for the last 5 years.

University of Maryland Global Campus

#63: UMGCs student account receivable collection rate is above 1%, which is the reason for the red indicator. However, given the nature of the non-traditional education market, our student account receivable collection rate at 2% is well below what is typical in this industry.

#62: UMGC has a ratio of current assets to current liabilities of 461% against a goal set by USM of 200%. The reason for the red indicator is that the ratio declined from 475% in FY19 to 461% in FY20. Clearly, UMGC's performance remains outstanding.

63: UMGC student accounts receivable rate declined slightly in FY20, however, the State of Maryland restricted collections activities in the Spring due to Covid-19 concerns. The inability to perform collection activities more than explains the increase from 1.6% to 2.0%

Committee on Audit - Open Session

University System of Maryland
Affiliated Foundations Compliance Checklist
FY20

KEY		RECEIVED DOCUMENTS/DOCUMENTATION
		FOLLOW UP REQUIRED
		FOLLOWED UP & AWAITING RESPONSE

Attachment C

MATERIALS DUE	DUE DATE	All	UMB	UMB	UMCP	UMCP	UMCP	UMCP	UMCP	BSU	BSU	TU	TU	FSU	CSU	UB	SU	SU	UMBC
		The University of Maryland Fndn (UMF)	Medical Alumni Association of the University of Maryland, Inc. (MAA)	The University of Maryland Baltimore Fndn (UMBf)	University of Maryland College Park Fndn (UMCPF)	Harry R Hughes Center for Agro-Ecology, Inc. (HRHF)	M Club Fndn (MCLB)	Robert H. Smith School of Business Fndn (RHGF)	The Maryland 4-H Fndn (MD4H)	Bowie State University Fndn (BSUF)	MD Center @ Bowie State University (CNTR)	Towson University Fndn (TUF)	Towson University Public Media (TUPM)	Frostburg State University Fndn (FSUF)	Coppin State University Development Fndn (CSUF)	University of Baltimore Fndn (UBF)	Salisbury University Fndn (SUF)	Ward Museum (WARD)	UMBC Research Park (RPCO)
Certification of Compliance Sheet (initialed by institution's president)	10/31/2020	still need	yes	yes	yes	need President Pines and dean's initials				fy19 copy - need fy20		yes	yes	yes	yes	yes	yes	yes	
Agreement with Institution (signed by president of foundation & institution)	10/31/2020	still need	yes	yes	yes	need President Pines signature						yes	yes	yes	yes	yes	yes	yes	
Annual Financial Audit Report	10/1/2020	final	final	final	final	final	final		final	final	draft	final	final	final	final	yes	yes	final	final
Annual Audit Report of Transfers to USM	10/1/2020	yes	yes	yes	yes	n/a			n/a			yes	yes	yes	yes	yes	yes	yes	yes
Management Letter/Auditors Required Communications Letter	10/31/2020	yes	yes	yes	yes	yes			yes	representation letter		yes	yes	yes	no management letter	yes	yes	yes	
Use of Internal Auditor	10/31/2020	yes - JohnsonLambert	no internal auditor	yes - Johnson Lambert	yes - JohnsonLambert	n/a			n/a			yes - SC&H	no internal auditor	yes - FSU Office of Comptroller	yes - Simmons Certified Public Accountants	no IA	yes - CliftonLarsonAllen	no internal auditor	
Annual Audit Report of Unrestricted Funds Available to the President	10/31/2020	yes	none	yes	yes	n/a			n/a			yes	no funds	yes	yes	yes	yes	no funds	
A List of Officers and Directors (can get from website)	10/31/2020	yes	yes	yes	yes	yes			yes			yes	yes	yes	yes - from website	yes	yes	yes	
A List of USM Employees Receiving Compensation from the Foundation & Amount of that Compensation	10/31/2020	yes	no employees compensated	n/a	yes	n/a			n/a			n/a	yes	yes	yes	n/a	yes	yes	
A List of State and Federal Contracts and Grants Managed by the Foundation	10/31/2020	n/a	no contracts/grants	n/a	n/a	n/a			yes			no contracts/grants	yes	no contracts/grants	no contracts/grants	yes	no contracts/grants	yes	
Annual Report (report of major activities)	10/31/2020	yes	yes		n/a	yes			yes			no annual report in years	yes	yes	need report	yes	yes - Impact Report	in progress	
Annual affiliated foundation operations report (from Gina)	12/31/2020	yes			yes									yes		yes	yes		
Submitted by and contact info					Janice McMillan	Kate Everts			Lauren Mohler			John Mease	Kristen Scofield	Janelle Moffett		Hillary Belzer	L. Cadkins	Kristin Sullivan	

Issues noted in report?
*Or as soon as report is complete

University System of Maryland

December 14, 2020 Audit Committee Meeting

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

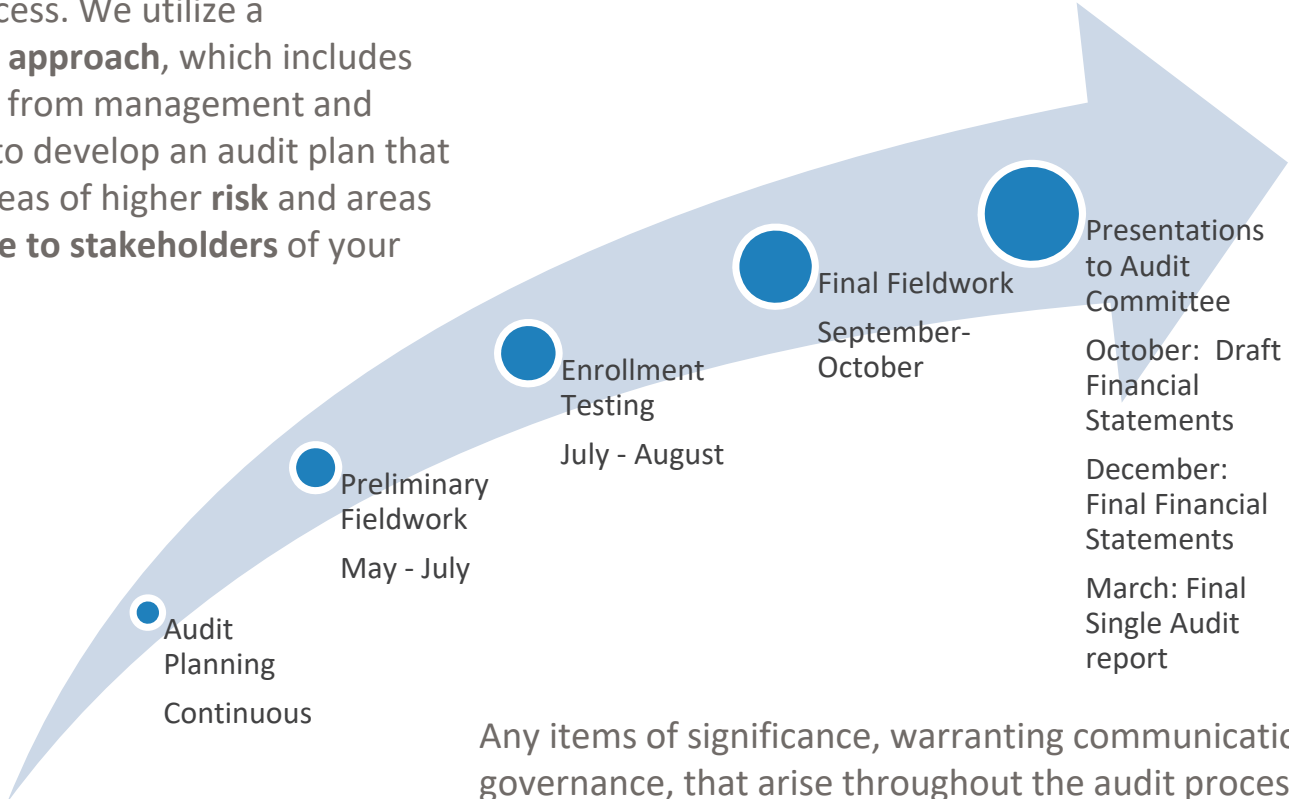
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities
We promise to know you and help you.

Timeline

The **audit planning** meeting is the start of the audit process. We utilize a **collaborative approach**, which includes seeking input from management and governance, to develop an audit plan that focuses on areas of higher **risk** and areas of **significance to stakeholders** of your Institutions.



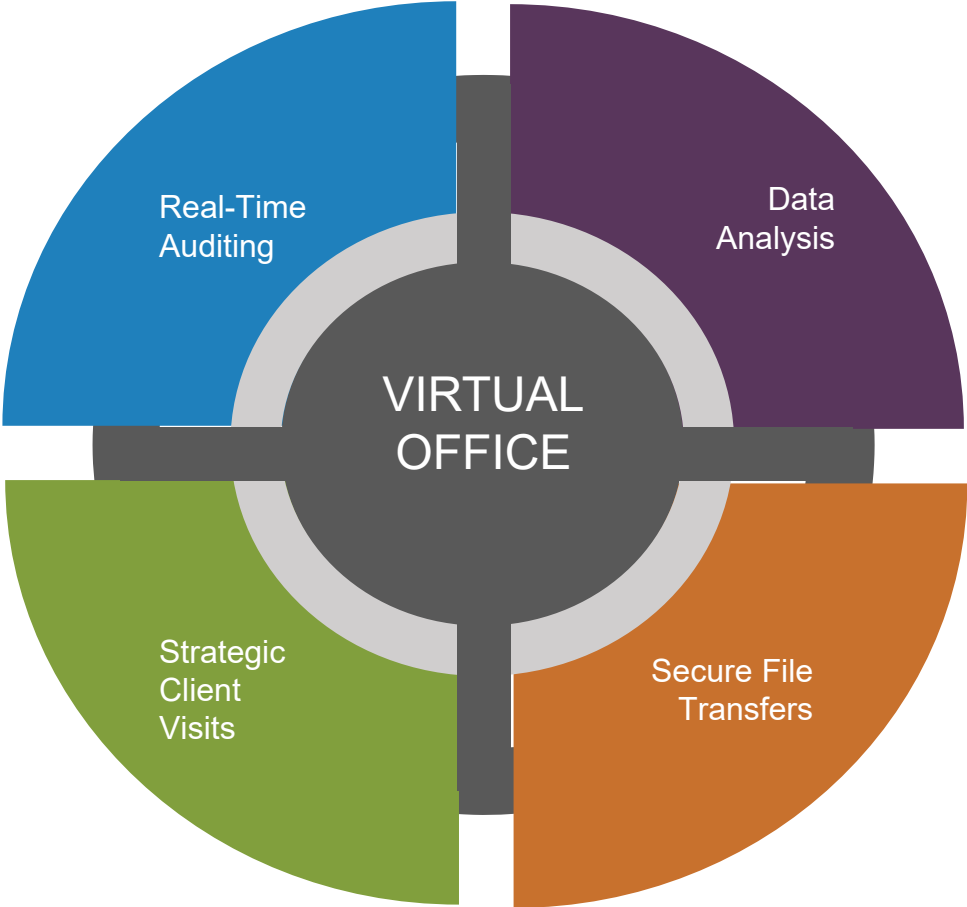
Any items of significance, warranting communication with governance, that arise throughout the audit process will be promptly communicated. If you do not hear from us prior to the Draft audit presentation in **December**, everything went as planned and as discussed here today.



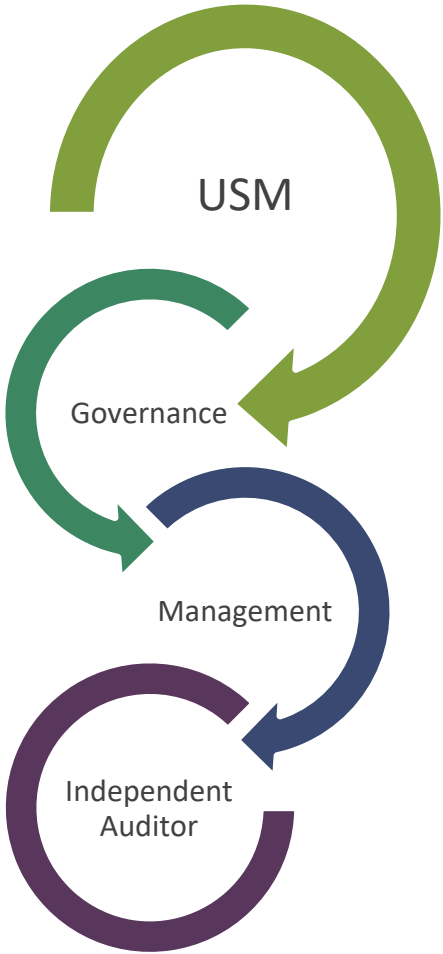
Virtual Office

Virtual Office is an approach where the CLA engagement team performs many of the audit’s substantive procedures remotely at CLA vs. performing all of ‘fieldwork’ at our client’s location.

Allowing for flexibility in engagement workflow and having impactful interactions during key strategic client visits.



Responsibilities



Responsibilities of Parties Involved

Governance	Strategic Direction
	Accountability, including financial reporting
Management	Internal Controls
	Accounting Policies
	Management Decisions
	Fair Presentation of Financial Statements
	Programs to Prevent and Detect Fraud
Independent Auditor	Opinion on Fair Presentation of Financial Statements
	Audit in Accordance with GAAS and GAGAS
	Reasonable, not Absolute Assurance
	Understanding of Internal Controls
	Risk Based Audit Approach



Scope of Services and Deliverables

Financial Statements

- Express an opinion on the financial statements for the year ending June 30, 2020
 - *Completed, report issued.*
 - *RESULT: Unmodified opinion*
- Report on internal control and compliance (audit conducted under Government Auditing Standards)
 - *Completed, report issued.*
 - *RESULT: No material weakness or significant deficiency reported*

Agreed Upon Procedures

- Enrollment reporting to MHEC
 - *Completed, report issued.*
- Howard P. Rawlings Scholarship Program
 - *Due by June 1, 2021*

Communications with Governance

- Governance communications letter

Single Audit

- Perform compliance audit of federal funds in accordance with Uniform Guidance
 - ****NEW**** CARES Act- *Not yet started*





Audit Approach

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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

Risk Assessment

Audit Risk = the risk of an undetected material misstatement due to error or fraud.

- Revenue Recognition
- Management Override of Controls
- COVID-19 Impacts and the Fraud Triangle



- Review design and perform tests to validate they are functioning, including COVID-19 impacts.

- Cash/Investments
- Grants & Contracts
- Estimates (Allowance, Fair Values, Pension)
- Capital Assets

- New tests annually to avoid familiarity with audit process
- Use of data analytics on large volumes of data



Risk Assessment (continued)

University Name	Extended IT Procedures	Total Assets	Total Operating and Nonoperating Revenues
University of Maryland, Baltimore	X	\$ 1,500,607,335	\$ 1,253,972,251
University of Maryland, College Park	X	\$ 3,274,086,976	\$ 2,048,545,252
Bowie State University		\$ 383,037,676	\$ 133,276,983
Towson University		\$ 1,340,732,910	\$ 447,503,374
University of Maryland Eastern Shore		\$ 231,608,516	\$ 111,971,709
Frostburg State University		\$ 245,823,901	\$ 110,018,195
Coppin State University	X	\$ 332,827,620	\$ 84,001,691
University of Baltimore	X	\$ 243,173,013	\$ 115,470,075
Salisbury University		\$ 591,721,778	\$ 188,976,402
University of Maryland Global Campus	X	\$ 555,478,762	\$ 458,233,884
University of Maryland Baltimore County	X	\$ 853,132,436	\$ 455,588,212
University of Maryland, Center for Environmental Science		\$ 100,834,652	\$ 49,096,226
University of Maryland System Office		\$ 659,979,957	\$ 51,169,540



Risk Assessment (continued)

	Moderate to High Risk Areas	Low Risk Areas
Asset Line Items	<ul style="list-style-type: none"> - Cash - Investments - Accounts Receivable, Net - Capital Assets 	<ul style="list-style-type: none"> - Notes Receivable - Inventories - Prepaid Expenses - Other investments
Revenue Line Items	<ul style="list-style-type: none"> - Tuition and Fees, Net - Federal Grants and Contracts* - Nongovernmental Grants* - Sales and services of Educational Departments* - Auxiliary Revenues* - State appropriations - Pell Grants** - CARES Funding** - Capital Appropriations* 	<ul style="list-style-type: none"> - Other Operating Revenues - Gifts - Investment Income - Capital Gifts and Grants - Additions to Permanent Endowments

* Only for those schools which the balances were significant.

** Compliance over the recorded amounts have not yet been subject to testing.



Enrollment AUP Summary

Nature of Finding	# of Findings		
	Fall 2019	Fall 2018	Fall 2017
Incorrect race category was recorded	9	5	3
Incorrect tuition status category was recorded	1	1	1
Total	10	6	4

University	2019 Population		Total Findings by Year		
	Enrollment	First Time	Fall 2019	Fall 2018	Fall 2017
University of Maryland, Baltimore	6,827	-	-	-	-
University of Maryland, College Park	40,743	4,613	-	-	-
Bowie State University	6,171	793	-	-	-
Towson University	22,709	2,711	-	-	-
University of Maryland Eastern Shore	2,886	506	10	4	-
Frostburg State University	5,178	730	-	1	-
Coppin State University	2,724	421	-	1	2
University of Baltimore	4,476	40	-	-	-
Salisbury University	8,617	1,445	-	-	-
University of Maryland Global Campus	58,281	175	-	-	-
University of Maryland Baltimore County	13,602	1,595	-	-	2
Total	172,214	13,029	10	6	4



Discussion Points

Component Units

- Change in Presentation
- Risk evaluation

New disclosure for
Contingencies
associated with
Federal programs

IT
Recommendations

Other matters
communicated
with management



Required Communications

- Our Responsibility Under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and Uniform Guidance
 - Plan and perform the audit to obtain reasonable, not absolute, assurance that the financial statements are free of material misstatement
 - Express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. GAAP
 - ◇ Unmodified opinion on the financial statements
 - Consider internal controls for the purpose of determining the nature, timing and extent of audit procedures
 - ◇ No assurance provided regarding internal controls
 - Communicate significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process



Required Communications (Continued)

- Significant Accounting Policies
 - Management is responsible for the selection and use of appropriate accounting policies
 - Significant accounting policies are described in Note 2 to the financial statements
 - No new GASB standards were adopted or changed in FY20
- Significant Accounting Estimates
 - Allowance for uncollectible receivables
 - Fair value measurements
 - Selection of useful lives of capital assets for depreciation
 - Accrued vacation and liability for compensated absences
 - Net pension liabilities and related deferred inflows/outflows
 - Asset retirement obligations
 - Claims liabilities under self-insurance programs
- No corrected or uncorrected misstatements
- No disagreements with management or difficulties encountered in performing the audit



Required Communications (Continued)

- **Management Representations**
 - We requested certain representations from management which are included in the management representation letter
- **Consultations with Other Independent Accountants**
 - We are not aware of any such communications
- **Issues Discussed Prior to Retention as Independent Auditors**
 - We generally discuss a variety of matters, including application of accounting principles and auditing standards, with management each year. These discussions occur in the normal course of our professional relationship and our responses were not a condition to our retention
- **Internal Control Communications**
 - No Material Weaknesses or Significant Deficiencies Identified



Financial Highlights- SNP

	June 30, 2020	June 30, 2019	% Change
Current Assets	\$ 3,011,463,568	\$ 2,883,193,509	4.45%
Noncurrent Assets	\$ 7,301,581,964	\$ 7,206,796,817	1.32%
Deferred Outflows of Resources	\$ 414,928,347	\$ 523,339,677	-20.72%
Current Liabilities	\$ 929,182,773	\$ 852,934,576	8.94%
Noncurrent Liabilities	\$ 2,555,424,374	\$ 2,651,112,403	-3.61%
Deferred Inflows of Resources	\$ 361,975,248	\$ 356,399,561	1.56%
Net Investment in Capital Assets	\$ 5,430,985,410	\$ 5,222,375,942	3.99%
Restricted Net Position	\$ 238,210,290	\$ 240,599,318	-0.99%
Unrestricted Net Position	\$ 1,212,195,784	\$ 1,289,908,203	-6.02%



Financial Highlights- SRECNP

	June 30, 2020	June 30, 2019	% Change
Tuition and Fees, Net	\$ 1,408,292,784	\$ 1,409,453,269	-0.08%
Auxiliary Enterprise Revenues, Net	\$ 557,362,495	\$ 672,753,381	-17.15%
Other Operating Revenues	\$ 1,651,096,510	\$ 1,666,402,110	-0.92%
Operating Expenses	\$ 5,520,682,997	\$ 5,403,345,576	2.17%
State Appropriations	\$ 1,493,671,878	\$ 1,398,073,778	6.84%
COVID-19	\$ 89,316,876	\$ -	-
Pell Grants	\$ 167,411,653	\$ 167,702,482	-0.17%
Other Nonoperating Revenue (Expense)	\$ 84,128,113	\$ 99,458,138	-15.41%
Capital Appropriations and Gifts	\$ 197,910,709	\$ 273,496,876	-27.64%
Change in Net Position	\$ 128,508,021	\$ 283,994,458	-54.75%





Upcoming GASB Pronouncements

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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

GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*



The screenshot shows the GASB website's 'NEWS & MEDIA' section. The main article is titled 'GASB Postpones Effective Dates of Upcoming Pronouncements' and is dated May 8, 2020. The article text states: 'Norwalk, CT, May 8, 2020—The Governmental Accounting Standards Board (GASB) today issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic....' Below the text is a link for 'Media Advisory | [Statement No. 95](#)'. To the right of the article is a list of other news items: 'MAY 8, 2020 GASB Postpones Effective Dates of Upcoming Pronouncements', 'APRIL 23, 2020 GASB Provides Guidance to Assist Stakeholders with Implementing Its Pronouncements', and 'APRIL 20, 2020 GASB Issues Guidance on Accounting for P3s'.



Upcoming GASB Pronouncements

June 30, 2021

- GASB 84, *Fiduciary Activities*
- GASB 90, *Majority Equity Interests*
- GASB 93, *Replacement of Interbank Offered Rates*

June 30, 2022

- GASB 87, *Leases*
- GASB 97, *Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans*

June 30, 2023

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





Appendix

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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

Resources

Articles, Webinars, and Tools

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REDUCING RISK | ARTICLE

Strong Vendor Recordkeeping Can Help Protect Higher Ed Orgs From Fraud



REGULATIONS | EVENT

Parting with Perkins: What the New Guidance Means for Your Institution



REGULATIONS | ARTICLE

Don't Underestimate Revenue Recognition's Impact on Your College or University



REDUCING RISK | ARTICLE

Four Rules of Thumb for Assessing Public-Private Partnerships in Higher Education



Resources

Other
ways CLA
can help
you reach
your
goals

- Internal control assessments
- Ethics and fraud training
- Forensic services
- Data analytics
- Quality assessment review
- IT risk assessments
- Vulnerability assessments
- Executive search
- Human resource assessments
- Succession planning
- Telecom
- Grant compliance
- ACA compliance
- Evaluation of employee benefit plans
- Enterprise risk management
- Investment policies
- Financial forecasting
- Program profitability analysis
- Finance department assessments





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Board of Regents
University System of Maryland
Adelphi, Maryland

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University System of Maryland (the System) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 4, 2020. Our report made reference to other auditors who audited the component units as listed in the auditors' report. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. None of the component units were audited in accordance with *Government Auditing Standards*. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the System are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2020. The System did reevaluate the component units included in the primary government financial statements and omitted immaterial component units as listed in our auditors' report.

We noted no transactions entered into by the System during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful student accounts is based on the universities' historical tuition and fees revenue, historical losses and periodic review of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of the investments is based on valuations performed by a third-party for Level 2 investments. Investments for which there are no quoted market prices are valued at net asset value, as a practical expedient. We evaluated the key factors and

assumptions used to develop the fair value of these investments in determining that their fair value is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of accumulated depreciation and depreciation expense for capital assets is based on the estimated useful lives of the various categories of capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets and the related depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the compensated absences liability is based on current and historical information on employee vacation and leave balances, salary and wage rates and other pertinent information available to management. We evaluated the key factors and assumptions used to develop the compensated absences liability estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability, pension expense and the related deferred inflows and deferred outflows are based on actuarial calculations and allocations performed by third parties. We evaluated the key factors and assumptions used to develop the net pension liability, pension expense and the related deferred inflows and deferred outflows in determining that these amounts are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the asset retirement obligations are based on the historical costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, with current personnel costs, and a contingency factor of 25%. We evaluated the key factors and assumptions used to develop the asset retirement obligations in determining that these amounts are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of incurred but not reported claims is based on computations performed by outside specialists, including actuarial computations that were relied upon to establish the amount of claims liabilities under self-insurance programs. We evaluated the key factors and assumptions used to develop the workers' compensation liability estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Board of Regents
University System of Maryland
Page 3

Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated December 4, 2020.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the System's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate letter to you dated December 4, 2020, communicating internal control related matters identified during the audit.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Board of Regents
University System of Maryland
Page 4

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows for University of Maryland, Baltimore, University of Maryland, College Park, Bowie State University, Towson University, University of Maryland Eastern Shore, Frostburg State University, Coppin State University, University of Baltimore, Salisbury University, University of Maryland Global Campus, University of Maryland, Baltimore County, University of Maryland Center for Environmental Science, University System of Maryland Office; the combining statements of net position, nonmajor component units, and the combining statements of activities, nonmajor component units (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 4, 2020, which also referenced reliance on the reports of other auditors for the nonmajor discretely presented component units dated December 4, 2020.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board of Regents and management of the University System of Maryland and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 4, 2020

December 4, 2020

CliftonLarsonAllen LLP
1966 Greenspring Drive, Suite 300
Timonium, Maryland 21093

This representation letter is provided in connection with your audit of the financial statements of the University System of Maryland, which comprise the respective financial position of the business-type activities and the aggregate discretely presented component units as of June 30, 2020, the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 4, 2020, the following representations made to you during your audit of the financial statements as of and for the year ended June 30, 2020, and the following representations as they apply to the financial statements as of and for the year ended June 30, 2019, which were audited by other auditors.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 10, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions used in making those estimates, and we believe the estimates (including those measured at fair value) and the significant assumptions used in making those accounting estimates are reasonable.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, transfers, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. We have not identified or been notified of any uncorrected financial statement misstatements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
12. The methods and significant assumptions used to determine fair values of financial instruments are disclosed in the notes to the financial statements. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
13. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
14. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries, if any, have been properly recorded.
15. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value.
16. We believe that all material expenditures that have been deferred to future periods will be recoverable.
17. Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.
18. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
19. We do not have the authority to make changes to the State's pension plans.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees.
 - e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
 - f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
 - g. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
11. We have taken timely and appropriate steps to remedy noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse that have been reported to us.
12. We have a process to track the status of audit findings and recommendations.
13. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the University System of Maryland, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
20. The financial statements properly classify all funds and activities.

21. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
22. Investments held by endowments are properly valued.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
26. Deposits and investment securities are properly classified as to risk and are properly valued and disclosed.
27. Capital assets are properly capitalized, reported, and, if applicable, depreciated.
28. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
29. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
30. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
31. We acknowledge our responsibility for presenting the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows for: University of Maryland, Baltimore, University of Maryland, College Park, Bowie State University, Towson University, University of Maryland Eastern Shore, Frostburg State University, Coppin State University, University of Baltimore, Salisbury University, University of Maryland, Global Campus, University of Maryland, Baltimore County, University of Maryland Center for Environmental Science, and University of Maryland System Office; Combining Statements of Net Position, Nonmajor Component Units; and Combining Statements of Activities, Nonmajor Component Units (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the

December 4, 2020
CliftonLarsonAllen LLP
Page 6

supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

University System of Maryland Office

DocuSigned by:
Signature: Celeste Denson
Celeste Denson, Comptroller

DocuSigned by:
Signature: Robert Page
Robert Page, Associate Vice Chancellor of Financial Affairs

DocuSigned by:
Signature: Ellen Herbst
Ellen Herbst, Vice Chancellor for Administration and Finance

DocuSigned by:
Signature: Dr. Jay Perman
Dr. Jay Perman, Chancellor



Financial Statements and Supplementary Information and
Data Together with Report of Independent Public Accountants

For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Board of Regents
University System of Maryland
Adelphi, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University System of Maryland (the System), a component unit of the State of Maryland, as of and for the year ended June 30, 2020, 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

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., the University of Maryland Baltimore Foundation, 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 University of Maryland Baltimore County Research Park Corporation, Inc. and UMUC Ventures, Inc. and Subsidiaries. Those financial statements, which reflect approximately 0.4%, 0.5% and 1.6% of the assets, net position and revenues of the System's business-type activities and 100.0%, 100.0% and 100.0% of assets, net assets and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2020, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for those component units, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. None of the component units listed above were audited in accordance with *Government Auditing Standards*.

Board of Regents
University System of Maryland

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements

The 2019 financial statements of the University System of Maryland were audited by other auditors whose report dated October 29, 2019, expressed an unmodified opinion on those statements.

Change in Reporting Entity

During 2020 the System determined the following component units were no longer significant for inclusion in the reporting entity: Medical Alumni Association of the University of Maryland, Inc., M Club Foundation of the University of Maryland, Inc., The Robert H. Smith School of Business Foundation, Inc., Harry R. Hughes Center for Agro-Ecology, Inc., Towson University Public Media, Inc., Maryland Hawk Corporation, The Ward Foundation, Inc., Maryland 4-H Foundation Inc., and The Maryland Center at Bowie State University, Inc. Our auditors' opinions are not affected by this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the various schedules of Proportionate Share of Net Pension Liability, Contributions to the Teachers Pension System and the Employees Retirement System, and Contributions for Other Postemployment Benefits 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

Board of Regents
University System of Maryland

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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are 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, based on our audits and the reports of other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The supplementary information for the year ended June 30, 2019 was audited by other auditors whose report dated November 29, 2019 expressed an in relation to opinion on the supplementary information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 4, 2020

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019, with 2018 information for comparative purposes.

Financial Highlights

- Unrestricted net position decreased by \$77,712,419 for the year ended June 30, 2020, compared to an increase of \$51,410,821 for the year ended June 30, 2019.
- State appropriations for the System increased by 6.8% for the year ended June 30, 2020. For the year ended June 30, 2019, State appropriations increased by 5.2% from the amount received in the year ended June 30, 2018.
- Tuition and fees, after deducting scholarship allowances, decreased by \$1,160,485 or 0.1% for the year ended June 30, 2020. During the year ended June 30, 2019, net tuition and fees, increased by \$21,319,027 or 1.5%.
- For the year ended June 30, 2020, investment income on Endowment assets was \$3,143,991, representing an investment return of 1%. Investment income on Endowment assets amounted to \$22,996,847, an investment return of 7%, for the year ended June 30, 2019.
- On March 27, 2020, the president signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES act), which provides financial support to individuals, governments and businesses experiencing financial hardship associated with the coronavirus pandemic. The System recognized \$89,316,876 of nonoperating grant revenues associated with amounts awarded directly, or through the state of Maryland, of CARES act funding for the year ended June 30, 2020.

Overview of the Financial Statements

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

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

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

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

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

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

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

Financial Analysis

As of June 30, 2020, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$6,881,391,484, shown on the Statement of Net Position as total net position. This compares with total net position of \$6,752,883,463 as of June 30, 2019 and \$6,468,889,005 as of June 30, 2018. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2020, total net position increased by \$128,508,021. While net investment in capital assets increased by \$208,609,468, unrestricted net position decreased by \$77,712,419 and restricted net position categories decreased by \$2,389,028.

For the year ended June 30, 2019, total net position increased by \$283,994,458. Net investment in capital assets increased by \$224,163,748, unrestricted net position increased by \$51,410,821 and restricted net position categories increased by \$8,419,889.

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

The table below presents summary-level information of the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2020, 2019 and 2018.

	2020	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 3,487,011,528	\$ 3,456,588,174	\$ 3,137,784,825
Capital assets, net	6,826,034,004	6,633,402,152	6,465,263,867
Total assets	10,313,045,532	10,089,990,326	9,603,048,692
Deferred outflows of resources	414,928,347	523,339,677	486,760,958
Total assets and deferred outflows of resources	<u>\$10,727,973,879</u>	<u>\$10,613,330,003</u>	<u>\$10,089,809,650</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Debt and capital lease obligations	\$ 1,201,649,768	\$ 1,303,513,443	\$ 1,286,257,221
Other liabilities	1,007,393,977	890,535,191	792,360,653
Net pension liability	1,275,563,402	1,309,998,345	1,130,058,957
Total liabilities	3,484,607,147	3,504,046,979	3,208,676,831
Deferred inflows of resources	361,975,248	356,399,561	412,243,814
Total liabilities and deferred inflows of resources	<u>3,846,582,395</u>	<u>3,860,446,540</u>	<u>3,620,920,645</u>
NET POSITION			
Net investment in capital assets	5,430,985,410	5,222,375,942	4,998,212,194
Restricted	238,210,290	240,599,318	232,179,429
Unrestricted	1,212,195,784	1,289,908,203	1,238,497,382
Total net position	<u>6,881,391,484</u>	<u>6,752,883,463</u>	<u>6,468,889,005</u>
Total liabilities, deferred inflows of resources and net position	<u>\$10,727,973,879</u>	<u>\$10,613,330,003</u>	<u>\$10,089,809,650</u>

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2020, 2019 and 2018.

	2020	2019	2018
Operating revenues	\$ 3,616,751,789	\$ 3,748,608,760	\$ 3,601,883,828
Operating expenses	5,520,682,997	5,403,345,576	5,118,945,734
Operating loss	(1,903,931,208)	(1,654,736,816)	(1,517,061,906)
State appropriations	1,493,671,878	1,398,073,778	1,328,645,088
Other nonoperating revenues, net	340,856,642	267,160,620	262,153,113
Total nonoperating revenues	1,834,528,520	1,665,234,398	1,590,798,201
Income (loss) before other revenues	(69,402,688)	10,497,582	73,736,295
Other revenues	197,910,709	273,496,876	264,661,809
Increase in net position	128,508,021	283,994,458	338,398,104
Net position, beginning of year	6,752,883,463	6,468,889,005	6,130,490,901
Net position, end of year	<u>\$ 6,881,391,484</u>	<u>\$ 6,752,883,463</u>	<u>\$ 6,468,889,005</u>

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

For the years ended June 30, 2020, 2019 and 2018, operating revenues, which under the definitions used by the Governmental Accounting Standards Board (GASB), excludes state appropriations, are detailed below:

	2020		2019		2018	
	\$	%	\$	%	\$	%
Tuition and fees, net	\$ 1,408,292,784	39.0 %	\$ 1,409,453,269	37.6 %	\$ 1,388,134,242	38.6 %
Contracts and grants	1,245,677,748	34.4	1,251,850,503	33.4	1,157,068,340	32.1
Sales and services of educational departments	335,932,342	9.3	332,519,878	8.9	328,787,009	9.1
Auxiliary enterprises, net	557,362,495	15.4	672,753,381	17.9	652,228,180	18.1
Other operating	69,486,420	1.9	82,031,729	2.2	75,666,057	2.1
Total	<u>\$ 3,616,751,789</u>	<u>100.0 %</u>	<u>\$ 3,748,608,760</u>	<u>100.0 %</u>	<u>\$ 3,601,883,828</u>	<u>100.0 %</u>

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

For the years ended June 30, 2020, 2019 and 2018, operating expenses are detailed below:

	2020		2019		2018	
	\$	%	\$	%	\$	%
Instruction	\$ 1,402,071,908	25.4 %	\$ 1,364,312,495	25.2 %	\$ 1,341,989,472	26.2 %
Research	1,039,622,121	18.8	988,835,162	18.3	1,048,328,939	20.5
Public service	521,599,010	9.4	548,915,818	10.2	162,474,866	3.2
Academic support	527,330,418	9.6	486,707,624	9.0	467,594,558	9.1
Student services	321,421,560	5.8	314,289,585	5.8	268,680,489	5.2
Institutional support	543,979,557	9.9	537,015,238	9.9	531,306,794	10.4
Operation and maintenance of plant	402,000,372	7.3	402,662,215	7.5	373,714,746	7.3
Scholarships and fellowships	137,307,078	2.5	119,837,448	2.2	120,668,204	2.4
Auxiliary enterprises	625,350,973	11.3	640,769,991	11.9	592,972,508	11.6
Hospital					211,215,158	4.1
Total	\$ 5,520,682,997	100.0 %	\$ 5,403,345,576	100.0 %	\$ 5,118,945,734	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. Beginning with the year ended June 30, 2019, expenses associated with providing services to hospital and critical care facilities under contractual arrangements are classified as Public service expense instead of Hospital.

For the years ended June 30, 2020 and 2019, increases in total employee payments of \$178,332,102 and \$131,818,363, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2020 and 2019, the largest increases associated with employee payments were for research and institutional support, respectively.

Capital Asset and Debt Administration

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

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

UNIVERSITY SYSTEM OF MARYLAND**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

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

	2020	2019	2018
State of Maryland debt proceeds	\$172,302,652	\$244,478,467	\$228,607,790
System debt proceeds	129,669,702	172,711,919	129,433,987
System cash balances and donations	242,331,590	101,522,580	179,634,557
Total	\$544,303,944	\$518,712,966	\$537,676,334

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, 2020		
Biomedical Science & Engineering Education Building	Universities at Shady Grove	\$158,400,000
Interdisciplinary Life Sciences Building	University of Maryland Baltimore County	123,050,000
Year ended June 30, 2019		
Brendan Iribe Center for Computer Science & Innovation	University of Maryland, College Park	\$152,250,000
Dorchester Hall Renovation	University of Maryland, College Park	13,180,000
Residence Tower Renovation	Towson University	33,860,000
USPS Replacement Facility	University of Baltimore	13,180,000
Year ended June 30, 2018		
Health Sciences Facility III	University of Maryland, Baltimore	\$305,392,000
A. James Clark Bioengineering Building	University of Maryland, College Park	168,475,000
New Academic Commons	University of Maryland Baltimore County	85,374,000

The System has issued Revenue Bonds to fund the construction, acquisition, and renewal and replacement of facilities, or refinance previously issued Revenue Bonds to realize lower current interest rates, during the years ended June 30, 2020, 2019 and 2018, as follows:

Debt issuance	Date of issue	Purpose	Total Par Value Issued	Present Value of Future Debt Service Savings
2018 Series A	2/21/2018	Construction and facilities renewal	\$115,000,000	N/A
2019 Series A and B	2/20/2019	Refinancing, construction, and facilities renewal	153,080,000	\$ 10,630,322
2019 Series C	9/18/2019	Refinancing	107,965,000	13,416,590

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

UNIVERSITY SYSTEM OF MARYLAND

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2020 AND 2019**

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 approximately 4.5% more full-time equivalent students anticipated by the fall 2029. While, preliminary fall 2020 enrollment indicates a slight decrease in full-time equivalent enrollment of approximately 1%, this is not out of line with the long-term projection.

The effects of the coronavirus pandemic are still not fully known, but several impacts have already begun to impact Maryland public higher education, and the System in particular. In June 2020, the Maryland government reduced state appropriations for the year ended June 30, 2021 by more than \$110 million in anticipation of falling state tax collections. Institution plans for the 2020-2021 academic year have incorporated numerous measures and practices to ensure student, faculty, staff and community safety. These institution specific plans include a mix of online and in-person education and contingency plans for different possible trajectories in virus spread, but also social distancing on campus, resulting in greatly reduced utilization of student housing, dining and parking facilities, each with significant revenue reduction impacts. Testing materials, facilities enhancements, and other safety measures adopted by System institutions will result in higher spending levels beyond that anticipated in the operating budget before the pandemic. System institutions will accommodate these fiscal challenges through a balanced approach including permanent spending cuts, one-time spending cuts and deferrals, and the use of net position to ensure the ongoing financial health of each USM institution.

The University of Maryland, College Park, the University of Maryland, Baltimore, and the University of Maryland, Baltimore County each have considerable numbers of faculty that pursue research grants and other sponsored funding arrangements. Indirect cost recoveries associated with contracts and grants are an important funding source for the institution's administrative costs.

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

Requests for Information

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

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UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,633,496,005	\$ 2,552,186,538
Accounts receivable, net	343,251,636	295,439,263
Notes receivable, current portion, net	3,874,699	5,345,066
Inventories	9,954,651	9,464,301
Prepaid expenses and other	<u>20,886,577</u>	<u>20,758,341</u>
Total current assets	<u>3,011,463,568</u>	<u>2,883,193,509</u>
Noncurrent assets		
Restricted cash and cash equivalents	62,133,802	157,124,871
Endowment investments	354,554,440	364,140,586
Other investments	34,999,509	22,144,370
Notes receivable, net	23,860,209	29,984,838
Capital assets, net	<u>6,826,034,004</u>	<u>6,633,402,152</u>
Total noncurrent assets	<u>7,301,581,964</u>	<u>7,206,796,817</u>
Total assets	10,313,045,532	10,089,990,326
DEFERRED OUTFLOWS OF RESOURCES	<u>414,928,347</u>	<u>523,339,677</u>
Total assets and deferred outflows of resources	<u>\$ 10,727,973,879</u>	<u>\$ 10,613,330,003</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 348,633,745	\$ 315,630,844
Accrued workers' compensation, current portion	4,885,800	4,309,950
Accrued vacation costs, current portion	123,461,419	111,785,925
Revenue bonds and notes payable, current portion	99,295,675	100,892,731
Obligations under capital lease agreements, current portion	1,846,129	1,652,537
Unearned revenues	<u>351,060,005</u>	<u>318,662,589</u>
Total current liabilities	<u>929,182,773</u>	<u>852,934,576</u>
Noncurrent liabilities		
Accrued workers' compensation	27,686,200	24,423,050
Accrued vacation costs	151,666,808	115,722,833
Revenue bonds and notes payable	1,088,171,129	1,198,123,353
Obligations under capital lease agreements	12,336,835	2,844,822
Net pension liability	<u>1,275,563,402</u>	<u>1,309,998,345</u>
Total noncurrent liabilities	<u>2,555,424,374</u>	<u>2,651,112,403</u>
Total liabilities	<u>3,484,607,147</u>	<u>3,504,046,979</u>
DEFERRED INFLOWS OF RESOURCES	<u>361,975,248</u>	<u>356,399,561</u>
NET POSITION		
Unrestricted	1,212,195,784	1,289,908,203
Net investment in capital assets	5,430,985,410	5,222,375,942
Restricted:		
Nonexpendable	41,718,241	39,149,289
Expendable	<u>196,492,049</u>	<u>201,450,029</u>
Total net position	<u>6,881,391,484</u>	<u>6,752,883,463</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,727,973,879</u>	<u>\$ 10,613,330,003</u>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF FINANCIAL POSITION, COMPONENT UNITS
JUNE 30, 2020

	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	\$ 147,000	\$ 55,126,116	\$ 2,952,269	\$ 22,277,057	\$ 80,502,442
Accounts receivable, net	2,243,000	97,412,300	24,397,171	5,377,280	129,429,751
Other assets	108,000	118,131	32,803	599,527	858,461
Total current assets	2,498,000	152,656,547	27,382,243	28,253,864	210,790,654
Investments					
Endowment investments	306,343,000	444,003,287	230,525,296	242,488,499	1,223,360,082
Other investments	492,139,000	72,276,040	77,589,321	25,257,180	667,261,541
Total investments	798,482,000	516,279,327	308,114,617	267,745,679	1,890,621,623
Noncurrent assets					
Accounts receivable, net	6,784,000	48,779,671	11,080,039	10,791,457	77,435,167
Capital assets, net	15,436,000	30,385,963		3,435,449	49,257,412
Other assets	468,000	528,571	5,000,737	2,570,369	8,567,677
Total noncurrent assets	22,688,000	79,694,205	16,080,776	16,797,275	135,260,256
Total assets	\$ 823,668,000	\$ 748,630,079	\$ 351,577,636	\$ 312,796,818	\$ 2,236,672,533
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 5,375,000	\$ 627,644	\$ 1,872,018	\$ 1,794,989	\$ 9,669,651
Long-term debt, current				1,857,286	1,857,286
Unearned revenues	1,240,000	926,816		5,938,991	8,105,807
Total current liabilities	6,615,000	1,554,460	1,872,018	9,591,266	19,632,744
Noncurrent liabilities					
Other payables	77,760,568	16,566,402	2,202,594	1,889,300	98,418,864
Due to primary government	354,476,432				354,476,432
Total noncurrent liabilities	432,237,000	16,566,402	2,202,594	1,889,300	452,895,296
Total liabilities	438,852,000	18,120,862	4,074,612	11,480,566	472,528,040
NET ASSETS					
Without donor restrictions	58,896,000	4,800,674	44,324,298	31,150,241	139,171,213
With donor restrictions	325,920,000	725,708,543	303,178,726	270,166,011	1,624,973,280
Total net assets	384,816,000	730,509,217	347,503,024	301,316,252	1,764,144,493
Total liabilities and net assets	\$ 823,668,000	\$ 748,630,079	\$ 351,577,636	\$ 312,796,818	\$ 2,236,672,533

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF FINANCIAL POSITION, COMPONENT UNITS
JUNE 30, 2019

	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	\$ 151,000	\$ 48,401,711	\$ 2,276,444	\$ 26,616,019	\$ 77,445,174
Accounts receivable, net	842,000	110,483,352	19,528,380	6,578,008	137,431,740
Other assets	273,000	219,172	14,712	875,847	1,382,731
Total current assets	1,266,000	159,104,235	21,819,536	34,069,874	216,259,645
Investments					
Endowment investments	296,031,000	395,720,453	225,992,571	248,914,189	1,166,658,213
Other investments	498,929,000	71,496,362	72,779,296	33,978,953	677,183,611
Total investments	794,960,000	467,216,815	298,771,867	282,893,142	1,843,841,824
Noncurrent assets					
Accounts receivable, net	10,315,000	79,168,703	21,310,379	11,716,142	122,510,224
Capital assets, net	14,145,000	31,681,436		19,909,157	65,735,593
Other assets	456,000	546,910	4,424,535	2,646,335	8,073,780
Total noncurrent assets	24,916,000	111,397,049	25,734,914	34,271,634	196,319,597
Total assets	\$ 821,142,000	\$ 737,718,099	\$ 346,326,317	\$ 351,234,650	\$ 2,256,421,066
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 4,280,000	\$ 6,842,302	\$ 1,254,920	\$ 4,945,021	\$ 17,322,243
Long-term debt, current				2,695,081	2,695,081
Unearned revenues	1,777,000	1,186,032		6,643,736	9,606,768
Total current liabilities	6,057,000	8,028,334	1,254,920	14,283,838	29,624,092
Noncurrent liabilities					
Other payables	76,527,498	15,133,365	1,696,555	2,016,685	95,374,103
Due to primary government	364,026,502				364,026,502
Long-term debt, noncurrent				17,480,355	17,480,355
Total noncurrent liabilities	440,554,000	15,133,365	1,696,555	19,497,040	476,880,960
Total liabilities	446,611,000	23,161,699	2,951,475	33,780,878	506,505,052
NET ASSETS					
Without donor restrictions	63,841,000	5,019,066	42,750,792	46,072,071	157,682,929
With donor restrictions	310,690,000	709,537,334	300,624,050	271,381,701	1,592,233,085
Total net assets	374,531,000	714,556,400	343,374,842	317,453,772	1,749,916,014
Total liabilities and net assets	\$ 821,142,000	\$ 737,718,099	\$ 346,326,317	\$ 351,234,650	\$ 2,256,421,066

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Tuition and fees	\$ 1,764,678,052	\$ 1,747,607,871
Less: scholarship allowances	<u>(356,385,268)</u>	<u>(338,154,602)</u>
Federal grants and contracts	783,778,541	785,626,017
State and local grants and contracts	218,485,078	210,651,934
Nongovernmental grants and contracts	243,414,129	255,572,552
Sales and services of educational departments	335,932,342	332,519,878
Auxiliary enterprises	579,860,866	698,358,209
Less: scholarship allowances	<u>(22,498,371)</u>	<u>(25,604,828)</u>
Other operating revenues	<u>69,486,420</u>	<u>82,031,729</u>
Total operating revenues	<u>3,616,751,789</u>	<u>3,748,608,760</u>
OPERATING EXPENSES		
Instruction	1,402,071,908	1,364,312,495
Research	1,039,622,121	988,835,162
Public service	521,599,010	548,915,818
Academic support	527,330,418	486,707,624
Student services	321,421,560	314,289,585
Institutional support	543,979,557	537,015,238
Operation and maintenance of plant	402,000,372	402,662,215
Scholarships and fellowships	137,307,078	119,837,448
Auxiliary enterprises	<u>625,350,973</u>	<u>640,769,991</u>
Total operating expenses	<u>5,520,682,997</u>	<u>5,403,345,576</u>
Operating (loss)	<u>(1,903,931,208)</u>	<u>(1,654,736,816)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	1,493,671,878	1,398,073,778
Pell grants	167,411,653	167,702,482
Other nonoperating grants	89,316,876	
Gifts	53,210,506	48,647,832
Investment income	87,461,092	80,677,254
Less: investment expense	<u>(1,323,876)</u>	<u>(1,263,921)</u>
Interest on indebtedness	(40,580,627)	(42,630,462)
Other revenues and gains (losses), net	<u>(14,638,982)</u>	<u>14,027,435</u>
Total nonoperating revenues	<u>1,834,528,520</u>	<u>1,665,234,398</u>
Income (loss) before other revenues	<u>(69,402,688)</u>	<u>10,497,582</u>
OTHER REVENUES		
Capital appropriations	172,302,652	244,478,467
Capital gifts and grants	23,039,106	28,307,336
Additions to endowments	<u>2,568,951</u>	<u>711,073</u>
Total other revenues	<u>197,910,709</u>	<u>273,496,876</u>
Increase in net position	128,508,021	283,994,458
Net position - beginning of year	<u>6,752,883,463</u>	<u>6,468,889,005</u>
Net position - end of year	<u>\$ 6,881,391,484</u>	<u>\$ 6,752,883,463</u>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2020

	Major Component Units			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues					
Contributions & grants	\$ 3,446,000		\$ 5,020,011	\$ 1,089,950	\$ 9,555,961
Investment income, net	(1,210,000)	\$ 7,436,163	1,872,268	1,245,741	9,344,172
Other income	6,236,000	1,821,915	454,964	3,216,894	11,729,773
Assets released from restrictions	17,822,000	56,531,304	20,073,129	17,515,248	111,941,681
Total revenues	26,294,000	65,789,382	27,420,372	23,067,833	142,571,587
Expenses					
Program	23,479,000	62,170,514	22,441,881	16,551,720	124,643,115
General & administrative	5,435,000	3,611,788	2,251,399	4,131,543	15,429,730
Fundraising	2,325,000	225,472	1,153,586	1,233,982	4,938,040
Other expense				1,168,535	1,168,535
Total expenses	31,239,000	66,007,774	25,846,866	23,085,780	146,179,420
Change in net assets without donor restrictions	(4,945,000)	(218,392)	1,573,506	(17,947)	(3,607,833)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions & grants	30,398,000	75,941,815	21,431,422	16,561,622	144,332,859
Investment income	2,654,000	(2,278,520)	1,196,383	1,363,721	2,935,584
Other income (loss)		(960,782)		1,679,834	719,052
Assets released from restrictions	(17,822,000)	(56,531,304)	(20,073,129)	(17,515,248)	(111,941,681)
Change in net assets with donor restrictions	15,230,000	16,171,209	2,554,676	2,089,929	36,045,814
Total changes in net assets	10,285,000	15,952,817	4,128,182	2,071,982	32,437,981
Net assets - beginning of year	374,531,000	714,556,400	343,374,842	317,453,772	1,749,916,014
Change in reporting entity				(18,209,502)	(18,209,502)
Net assets - end of year	\$ 384,816,000	\$ 730,509,217	\$ 347,503,024	\$ 301,316,252	\$ 1,764,144,493

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2019

	Major Component Units			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues					
Contributions & grants	\$ 2,200,000		\$ 7,360,291	\$ 7,994,960	\$ 17,555,251
Investment income, net	1,502,000	\$ 7,663,895	1,609,339	2,652,998	13,428,232
Other income	6,712,000	2,485,947	1,271,780	8,711,295	19,181,022
Assets released from restrictions	22,541,000	66,902,360	24,358,341	20,409,403	134,211,104
Total revenues	32,955,000	77,052,202	34,599,751	39,768,656	184,375,609
Expenses					
Program	25,769,000	73,241,788	22,586,652	26,414,751	148,012,191
General & administrative	4,410,000	3,340,180	2,130,966	5,575,987	15,457,133
Fundraising	2,901,000	154,789	1,593,168	2,911,354	7,560,311
Other expense				1,906,830	1,906,830
Total expenses	33,080,000	76,736,757	26,310,786	36,808,922	172,936,465
Change in net assets without donor restrictions	(125,000)	315,445	8,288,965	2,959,734	11,439,144
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions & grants	15,750,000	121,804,657	19,786,431	18,042,666	175,383,754
Investment income	16,729,000	18,604,015	14,225,953	11,179,034	60,738,002
Other income (loss)	2,000	(10,417)		2,005,788	1,997,371
Assets released from restrictions	(22,541,000)	(66,902,360)	(24,358,341)	(20,409,403)	(134,211,104)
Change in net assets with donor restrictions	9,940,000	73,495,895	9,654,043	10,818,085	103,908,023
Total changes in net assets	9,815,000	73,811,340	17,943,008	13,777,819	115,347,167
Net assets - beginning of year	364,716,000	640,745,060	325,431,834	303,675,953	1,634,568,847
Net assets - end of year	\$ 374,531,000	\$ 714,556,400	\$ 343,374,842	\$ 317,453,772	\$ 1,749,916,014

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 1,416,648,091	\$ 1,392,927,775
Research contracts and grants	1,201,623,652	1,270,059,303
Payments to employees	(3,523,887,253)	(3,416,015,578)
Payments to suppliers and contractors	(1,485,492,364)	(1,490,589,860)
Loans issued to students	(2,376,781)	(1,447,696)
Collection of loans from students	10,109,155	8,928,368
Auxiliary enterprises	555,054,258	684,584,338
Other receipts	478,218,825	486,888,703
Net cash used by operating activities	<u>(1,350,102,417)</u>	<u>(1,064,664,647)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,493,671,878	1,398,073,778
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	868,951	711,073
Pell grants	167,411,653	167,702,482
Student direct lending payments	(801,252,857)	(827,939,763)
Student direct lending receipts	801,252,857	827,939,763
Other nonoperating grants	78,823,612	
Net cash provided by noncapital financing activities	<u>1,740,776,094</u>	<u>1,566,487,333</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	129,669,702	172,711,919
Capital appropriations	172,302,652	244,478,467
Capital grants and gifts received	22,449,099	25,739,013
Proceeds from sales of capital assets	4,424,041	1,909,456
Purchases of capital assets	(533,192,077)	(513,533,350)
Principal paid on debt and capital leases	(229,752,885)	(143,886,460)
Interest paid on debt and capital leases	(52,978,006)	(51,086,793)
Net cash used by capital and related financing activities	<u>(487,077,474)</u>	<u>(263,667,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	49,722,887	13,400,373
Interest on investments	47,054,086	62,918,856
Investment expense	(1,338,618)	(1,263,921)
Purchases of investments	(12,716,160)	(32,923,036)
Net cash provided (used) by investing activities	<u>82,722,195</u>	<u>42,132,272</u>
Net increase (decrease) in cash and cash equivalents	(13,681,602)	280,287,210
Cash and cash equivalents - beginning of year	<u>2,709,311,409</u>	<u>2,429,024,199</u>
Cash and cash equivalents - end of year	<u>\$ 2,695,629,807</u>	<u>\$ 2,709,311,409</u>
SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Gifts and contributions of capital assets	\$ 889,131	\$ 1,920,663
Assets acquired through capital lease arrangements	11,540,774	
Changes in unrealized appreciation on investments	(21,689,817)	7,287,192
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (1,903,931,208)	\$ (1,654,736,816)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	346,910,397	348,013,437
Loss on disposals of capital assets	337,654	651,788
Amortization of deferred service concession arrangement receipts	(18,356,042)	(18,356,042)
Gifts and other revenues, (expenses), gains, and (losses)	38,571,524	62,675,267
Effect of changes in assets and liabilities:		
Accounts receivable, net	(33,131,118)	(3,128,072)
Inventories	(490,350)	(247,362)
Prepaid expenses and other deferred charges	(128,236)	(2,317,762)
Notes receivable	7,594,996	7,878,535
Accounts payable and accrued liabilities	34,957,366	28,322,039
Unearned revenues	29,884,774	39,765,807
Accrued vacation	47,619,469	11,968,399
Accrued workers' compensation	3,839,000	(639,000)
Net pension liability and related deferred outflows and inflows of resources	96,219,357	115,485,135
Net cash used by operating activities	<u>\$ (1,350,102,417)</u>	<u>\$ (1,064,664,647)</u>

See accompanying notes.

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

1. ORGANIZATION AND PURPOSE

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Effective for the financial statements for the year ended June 30, 2020, the System evaluates component units to be included in the System's financial statements taking into account the significance of the financial statement amounts of the potential affiliated entity to the System, as well as the nature of the relationship between the System and the entity. As a result, 9 separately organized entities previously reported as component units no longer will be reported as component units. A total of \$18,209,502 of net assets associated with those separately organized entities no longer reported as component units is reported as an adjustment to beginning net assets for nonmajor component units on the Combining Statement of Activities, Component Units for the year ended June 30, 2020.

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

The University System of Maryland Foundation, Inc. (the USMF), the University of Maryland College Park Foundation, Inc. (the UMCPF), and the University of Maryland Baltimore Foundation, Inc. (the UMBF) 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, 2020 AND 2019**

The following affiliated foundations are considered nonmajor component units:

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

During the years ended June 30, 2020 and 2019, affiliated foundations distributed approximately \$99,305,993 and \$121,393,548, respectively, to the System and its institutions for both restricted and unrestricted purposes.

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

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

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



UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

The condensed financial statements for UMUC Ventures are as follows:

	<u>2020</u>	<u>2019</u>
Condensed statements of net assets		
Current assets	\$ 31,769,459	\$ 26,578,409
Capital assets	61,805	108,568
Other assets	8,802,474	771,576
Total assets	<u>\$ 40,633,738</u>	<u>\$ 27,458,553</u>
Current liabilities	\$ 4,291,231	\$ 9,582,841
Long term liabilities		1,243,942
Total liabilities	<u>4,291,231</u>	<u>10,826,783</u>
Invested in capital assets, net of related debt	61,805	108,568
Unrestricted net assets	<u>36,280,702</u>	<u>16,523,202</u>
Total net assets	<u>36,342,507</u>	<u>16,631,770</u>
Total liabilities & net assets	<u>\$ 40,633,738</u>	<u>\$ 27,458,553</u>
Condensed statements of revenues, expenses and changes in net assets		
Operating revenues	<u>\$ 52,391,613</u>	<u>\$ 44,275,804</u>
Operating expenses:		
Depreciation	26,209	30,785
Other expenses	<u>68,868,905</u>	<u>44,382,310</u>
Total operating expenses	<u>68,895,114</u>	<u>44,413,095</u>
Operating loss	(16,503,501)	(137,291)
Nonoperating revenues	35,425,155	957,425
Capital contributions	<u>789,083</u>	<u>5,066,788</u>
Net income	<u>19,710,737</u>	<u>5,886,922</u>
Beginning net assets	<u>16,631,770</u>	<u>10,744,848</u>
Ending net assets	<u>\$ 36,342,507</u>	<u>\$ 16,631,770</u>
Condensed statements of cash flows		
Net cash (used) provided by:		
Operating activities	\$ (15,270,214)	\$ (3,687,708)
Noncapital financing activities	144,570	5,009,222
Investing activities	<u>18,888,636</u>	<u>(3,660,996)</u>
Beginning cash and cash equivalents	<u>14,774,491</u>	<u>17,113,973</u>
Ending cash and cash equivalents	<u>\$ 18,537,483</u>	<u>\$ 14,774,491</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

Measurement Focus and Basis of Accounting

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

Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses are generally associated with those activities that relate directly to the core activities of instruction, research and public service that form the essence of the System's mission. Nonoperating revenues, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenues and expenses. Accounting principles generally accepted in the United State of America 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 estimated acquisition value at the date of donation in the case of gifts. Personal property with an original cost of more than \$5,000 and outlays for real property in excess of \$250,000 are considered capital assets.

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

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

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

Deferred Outflows/Inflows of Resources

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

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

Accrued Vacation Costs

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

Unearned Revenues

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

Pensions

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

Net Position

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

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

Scholarship Allowances

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

Reclassifications

Certain amounts for the year ended June 30, 2019, have been reclassified to conform with the presentation for the year ended June 30, 2020. These reclassifications had no impact on net position or changes in net position.

Use of Estimates

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

New Accounting Pronouncements

The GASB issued the following: GASB Statement No. 84, *Fiduciary Activities*; GASB Statement No. 87, *Leases*; GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments*; GASB Statement No. 95, *Postponement of Effective Dates of Certain Authorative Guidance*; GASB Statement No. 96, *Subscription-based Information Technology Arrangements*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The System will be analyzing the effects of these pronouncements and intends to adopt each, as applicable, by their respective effective dates.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019****3. CASH AND INVESTMENTS****Cash and cash equivalents**

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

	<u>2020</u>	<u>2019</u>
Cash and short-term investments on deposit with the State Treasurer	\$2,566,176,772	\$2,510,912,995
Demand and time deposits	67,319,233	41,273,543
Total	<u>\$2,633,496,005</u>	<u>\$2,552,186,538</u>

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

As of June 30, 2020 and 2019, the carrying amount of the System's demand and time deposits was \$67,319,233 and \$41,273,543, respectively, as compared to bank balances of \$69,315,775 and \$42,142,227, respectively. The difference is primarily due to items in-transit. Of the bank balances, \$28,886,369 and \$13,486,951 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 \$40,429,406 and \$28,655,276 was uninsured and uncollateralized as of June 30, 2020 and 2019, 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.

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.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

- Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

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

	<u>2020</u>	<u>2019</u>
Money market accounts – endowment fund uninvested cash	\$ 47,280	\$ 47,280
Money market accounts – unspent proceeds of debt	<u>62,086,522</u>	<u>157,077,591</u>
Total	<u>\$ 62,133,802</u>	<u>\$ 157,124,871</u>

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

Investments

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

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

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

The System discloses investment risks 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.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019****Custodial credit risk**

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

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

Credit risk

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

Foreign currency risk

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

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

Endowment investments

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

	<u>2020</u>	<u>2019</u>
Corporate debt	\$ 7,200	\$ 7,200
Corporate equities	70,808	106,884
Assets invested with USMF	354,476,432	364,026,502
Total	<u>\$354,554,440</u>	<u>\$364,140,586</u>

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

	<u>2020</u>	<u>2019</u>
Pure endowments	\$135,000,918	\$142,730,730
Funds functioning as endowments	215,047,372	216,882,613
Term endowments	4,506,150	4,527,243
Total	<u>\$354,554,440</u>	<u>\$364,140,586</u>

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

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

Net appreciation on investments of the pure endowment funds totaled \$93,282,678 and \$99,054,199 as of June 30, 2020 and 2019, respectively. Reinvestments of net appreciation are considered to be subject to donor spending restrictions if applicable, and accordingly, are reflected as a component of restricted, expendable net assets.

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

Other investments

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

Allocation of investment income

Investment income is assigned to the accounting funds, including endowments, in proportions associated with investments held by the various accounting funds. For the year ended June 30, 2020, investment income includes a gain of \$35,883,121 on the sale of a majority ownership interest in a for-profit, data analytics stock corporation previously wholly-owned by UMUC Ventures. For the years ended June 30, 2020 and 2019 income attributed to unrestricted funds and restricted funds was:

	<u>2020</u>	<u>2019</u>
Unrestricted funds	\$ 81,333,996	\$ 68,236,840
Restricted funds	6,127,096	12,440,414
Total	<u>\$ 87,461,092</u>	<u>\$ 80,677,254</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

4. FAIR VALUE MEASUREMENTS

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

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

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

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

System endowment investments are largely a proportionate interest in an investment portfolio managed by the USMF. As of June 30, 2020 and 2019, respectively, the System also holds corporate debt investments of \$7,200 and \$7,200 that are classified as level 3 investments, and corporate equity investments of \$70,808 and \$106,884 that are classified as level 1 investments.

As of June 30, 2020 and 2019, respectively, System other investments include partnership interests of \$14,542,100 and \$14,214,630 that are classified as level 3 investments. As of June 30, 2020 and 2019, respectively, other investments include mutual funds and short-term securities of \$20,457,409 and \$7,929,740 that are classified as level 1 investments.

Major component units

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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

The following table shows the USMF's investments using the three-level fair value hierarchy as of June 30, 2020:

Investments by fair value level	June 30, 2020	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 94,251,000	\$ 94,251,000		
ETF's and mutual funds	263,363,000	263,363,000		
Common stock	13,365,000	13,365,000		
Separately managed accounts	342,874,000		\$ 253,808,000	\$ 89,066,000
Total investments by fair value level	713,853,000	\$ 370,979,000	\$ 253,808,000	\$ 89,066,000
Investments measured at net asset value (NAV)				
Intermediate assets	138,340,000			
Public equity	176,458,000			
Liquid credit	60,400,000			
Diversifying strategies	66,309,000			
Private risk assets	468,441,000			
Total investments measured at NAV	909,948,000			
Total investments	1,623,801,000			
Due to other System component units	(825,319,000)			
Total USMF investments reported	798,482,000			
Due to the System	(354,476,432)			
Total USMF investments	\$ 444,005,568			

System component unit investments managed by the USMF of \$825,319,000 were eliminated from the USMF financial statements as of June 30, 2020.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

The following table shows the USMF's investments using the three-level fair value hierarchy as of June 30, 2019:

Investments by fair value level	June 30, 2019	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 54,474,000	\$ 54,474,000		
ETF's and mutual funds	210,649,000	210,649,000		
Common stock	15,917,000	15,917,000		
Separately managed accounts	351,881,000		\$ 254,490,000	\$ 97,391,000
Total investments by fair value level	632,921,000	\$ 281,040,000	\$ 254,490,000	\$ 97,391,000
Investments measured at net asset value (NAV)				
Intermediate assets	114,148,000			
Public equity	183,303,000			
Liquid credit	84,088,000			
Diversifying strategies	81,247,000			
Private risk assets	471,444,000			
Total investments measured at NAV	934,230,000			
Total investments	1,567,151,000			
Due to other System component units	(772,191,000)			
Total USMF investments reported	794,960,000			
Due to the System	(364,026,502)			
Total USMF investments	\$ 430,933,498			

System component unit investments managed by the USMF of \$772,191,000 were eliminated from the USMF financial statements as of June 30, 2019.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

Investments measured at net asset value

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

Due to the limited availability of valuation data as of the Foundation's year-end, management utilizes the most recent NAV or ownership percentage which may be on a month to quarter lag. Management adjusts the net asset value or ownership percentage to be more representative of the year-end fair value by including capital contributions, and redemptions or returns of capital during the gap period. Net capital activity during the gap periods increased management's estimates \$8.1 million and \$6.7 million for the years ended June 30, 2020 and 2019, respectively. Management will also adjust for known performance adjustments for private investments that hold publicly traded securities. Performance adjustments ranged from 1.2% to 1.6% for those investments on a one-month lag. No performance adjustments are made to investments on a quarter lag given the unobservability of investment performance at the time of report issuance.

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

As of June 30, 2020 and 2019, unfunded commitments within the private investments measured at NAV equaled approximately \$328 million and \$363 million, respectively.



Route 1 Development, UMCP

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**5. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts receivable as of June 30, 2020 and 2019, were comprised of:

	<u>2020</u>	<u>2019</u>
Tuition and fees	\$ 93,693,220	\$ 93,302,233
Contracts and grants	266,201,266	187,304,070
Other	5,886,058	32,506,041
Subtotal	365,780,544	313,112,344
Less: allowance for doubtful accounts receivable	(22,528,908)	(17,673,081)
Accounts receivable, net	<u>\$343,251,636</u>	<u>\$295,439,263</u>

Notes receivable as of June 30, 2020 and 2019, were comprised of:

	<u>2020</u>	<u>2019</u>
Student loans	\$ 39,951,686	\$ 47,882,529
Business development loans	5,695,161	6,176,722
Subtotal	45,646,847	54,059,251
Less: allowance for doubtful accounts receivable	(17,911,939)	(18,729,347)
Notes receivable, net	<u>\$ 27,734,908</u>	<u>\$ 35,329,904</u>

Accounts payable and accrued liabilities as of June 30, 2020 and 2019, were comprised of:

	<u>2020</u>	<u>2019</u>
Payroll and benefits	\$131,660,719	\$116,099,968
Suppliers and contractors	138,858,319	128,851,604
Accrued interest payable	10,998,782	12,132,794
Asset retirement obligations	16,165,952	15,057,440
Other	50,949,973	43,489,038
Accounts payable and accrued liabilities	<u>\$348,633,745</u>	<u>\$315,630,844</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.

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

As of June 30, 2020 and 2019, contributions receivable were due as follows:

University System of Maryland Foundation, Inc.

Due	Discount Rates	2020	2019
Within one year	Not applicable	\$ 1,466,000	\$ 330,000
One to five years	4.25% - 6.50%	6,544,000	10,493,000
Subtotal		8,010,000	10,823,000
Less: pledge discount		(665,000)	(978,000)
Net contributions receivable		<u>\$ 7,345,000</u>	<u>\$ 9,845,000</u>

University of Maryland, College Park Foundation, Inc.

Due	Discount Rates	2020	2019
Within one year	Not applicable	\$103,746,930	\$114,460,633
Two to five years	2.18% - 4.40%	51,579,925	81,860,242
More than five years	3.25% - 5.50%	5,591,403	7,996,348
Subtotal		160,918,258	204,317,223
Less: allowance for doubtful accounts		(10,673,109)	(8,245,672)
Less: pledge discount		(4,526,497)	(7,041,585)
Net contributions receivable		<u>\$145,718,652</u>	<u>\$189,029,966</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount Rates	2020	2019
Within one year	Not applicable	\$ 26,327,798	\$ 21,047,209
One to five years	0.18% -1.71%	11,206,723	22,850,375
More than five years	0.18% -1.71%	468,176	148,666
Subtotal		38,002,697	44,046,250
Less: allowance for doubtful accounts		(2,089,826)	(1,351,434)
Less: pledge discount		(453,865)	(1,875,074)
Net contributions receivable		<u>\$ 35,459,006</u>	<u>\$ 40,819,742</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2020 and 2019:

	June 30, 2018	Additions	Decreases	June 30, 2019	Additions	Decreases	June 30, 2020
Capital assets being depreciated:							
Infrastructure & land improvements	\$ 470,147,338	\$ 6,355,810		\$ 476,503,148	\$ 42,576,443	\$ 868,697	\$ 518,210,894
Buildings & improvements	8,287,684,753	269,857,977	\$ 4,075,937	8,553,466,793	271,840,251	3,861,618	8,821,445,426
Contents	1,505,189,438	81,251,951	41,167,278	1,545,274,111	104,293,151	31,769,739	1,617,797,523
Buildings recorded under capital lease agreements	14,629,140			14,629,140	4,068,624		18,697,764
Total capital assets being depreciated	10,277,650,669	357,465,738	45,243,215	10,589,873,192	422,778,469	36,500,054	10,976,151,607
Less accumulated depreciation for:							
Infrastructure & land improvements	261,516,466	18,621,239		280,137,705	20,368,390	868,697	299,637,398
Buildings & improvements	3,100,800,655	236,326,210	4,731,602	3,332,395,263	238,858,922	2,057,583	3,569,196,602
Contents	1,136,855,914	91,878,809	37,981,869	1,190,752,854	86,333,162	29,092,329	1,247,993,687
Buildings recorded under capital lease agreements	10,156,324	1,187,179		11,343,503	1,349,923		12,693,426
Total accumulated depreciation	4,509,329,359	348,013,437	42,713,471	4,814,629,325	346,910,397	32,018,609	5,129,521,113
Total capital assets being depreciated, net	5,768,321,310	9,452,301	2,529,744	5,775,243,867	75,868,072	4,481,445	5,846,630,494
Capital assets not being depreciated:							
Land	169,028,778	7,692,424		176,721,202	6,122,719		182,843,921
Contents	32,078,742	173,525	31,500	32,220,767	237,450	280,250	32,177,967
Construction in progress	495,835,037	336,346,758	182,965,479	649,216,316	411,031,852	295,866,546	764,381,622
Total capital assets not being depreciated	696,942,557	344,212,707	182,996,979	858,158,285	417,392,021	296,146,796	979,403,510
Capital assets, net	\$ 6,465,263,867	\$ 353,665,008	\$ 185,526,723	\$ 6,633,402,152	\$ 493,260,093	\$ 300,628,241	\$ 6,826,034,004

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UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019****7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The composition of deferred outflows of resources as of June 30, 2020 and 2019, was summarized as follows:

	<u>2020</u>	<u>2019</u>
Unamortized loss on refundings of debt	\$ 12,109,985	\$ 14,196,040
Deferred outflows related to asset retirement obligations	12,801,865	12,404,568
Deferred outflows related to the pension liability	390,016,497	496,739,069
Total deferred outflows of resources	<u>\$414,928,347</u>	<u>\$523,339,677</u>

The composition of deferred inflows of resources as of June 30, 2020 and 2019, was summarized as follows:

	<u>2020</u>	<u>2019</u>
Deferred service concession arrangement receipts	\$252,219,390	\$270,575,431
Deferred inflows related to the pension liability	109,755,858	85,824,130
Total deferred inflows of resources	<u>\$361,975,248</u>	<u>\$356,399,561</u>

8. SERVICE CONCESSION ARRANGEMENTS FOR STUDENT HOUSING

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

During the period ended June 30, 2020, Bowie State University entered into an agreement with a quasi-governmental entity (project owner) to finance, construct and operate a student housing project on land leased to the project owner by the University. The estimated cost of the project is \$50,670,000. The project is expected to be completed by Fall 2021.

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

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

As of June 30, 2020 and 2019, the following amounts associated with service concession arrangements were reflected on the Statement of Net Position:

	<u>2020</u>	<u>2019</u>
Capital assets, net – Buildings & improvements	\$292,405,102	\$306,296,064
Deferred service concession arrangement receipts	252,219,390	270,575,431

9. ASSET RETIREMENT OBLIGATIONS

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

A nonpower training nuclear reactor operated at the University of Maryland College Park is subject to statutory and regulatory requirements promulgated by the U.S. Nuclear Regulatory Commission (the NRC) under Title 10 of the Code of Federal Regulations (the CFR). Estimated asset retirement obligations for the reactor are \$14,165,952 and \$13,057,440 as of June 30, 2020 and 2019, respectively. The reactor had a remaining useful life of 19 years as of June 30, 2020.

The University of Maryland College Park is periodically required by the CFR to provide various disclosures to the NRC in order to maintain the operating license for the reactor, including, but not limited to, projected operating costs, projected decommissioning costs, and funding assurances. The University of Maryland College Park was in compliance with all such requirements as of June 30, 2020 and 2019.

The System also owns and operates various equipment assets, including gamma cell irradiators and underground oil tanks, that are also subject to statutory or regulatory asset retirement obligations of individually nominal dollar values. All such assets were fully depreciated as of June 30, 2020 and 2019.

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

Total asset retirement obligations of \$16,165,952 and \$15,057,440, as of June 30, 2020 and 2019, are included in accounts payable and accrued liabilities. The System is financially prepared to fund and satisfy all asset retirement obligations when required.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**10. RESTRICTED NET POSITION**

Restricted net position as of June 30, 2020 and 2019, were as follows:

	2020	2019
Nonexpendable		
Scholarships and fellowships	\$ 17,585,035	\$ 16,764,483
Research	7,210,176	5,461,934
Other	16,923,030	16,922,872
Total restricted nonexpendable net position	<u>\$ 41,718,241</u>	<u>\$ 39,149,289</u>
Expendable		
Scholarships and fellowships	\$ 36,878,144	\$ 38,527,037
Research	80,563,068	78,706,352
Loans	40,243,558	49,234,447
Capital projects	9,023,201	6,799,771
Other	29,784,078	28,182,422
Total restricted expendable net position	<u>\$196,492,049</u>	<u>\$201,450,029</u>

Major component units

Net assets with donor restrictions as of June 30, 2020, were as follows:

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.
Scholarships & fellowships	\$ 152,898,000	\$ 187,144,335	\$ 60,273,619
Research	21,788,000	20,432,270	12,945,003
Other	151,234,000	518,131,938	229,960,104
Total net assets with donor restrictions	<u>\$ 325,920,000</u>	<u>\$ 725,708,543</u>	<u>\$ 303,178,726</u>

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

Net assets with donor restrictions as of June 30, 2019, were as follows:

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.
Scholarships & fellowships	\$ 155,142,000	\$ 162,444,755	\$ 61,840,423
Research	21,810,000	18,384,835	13,427,285
Other	133,738,000	528,707,744	225,356,342
Total net assets with donor restrictions	<u>\$ 310,690,000</u>	<u>\$ 709,537,334</u>	<u>\$ 300,624,050</u>

11. REVENUE BONDS AND NOTES PAYABLE

The System finances the construction, renovation and acquisition of certain facilities and equipment through the issuance of debt obligations. State law limits the aggregate principal amount of debt outstanding and the present value of future minimum lease payments on capital lease obligations for real property to no more than \$1,400,000,000.

As of June 30, 2020 and 2019, revenue bonds and notes payable consisted of the following:

	<u>2020</u>	<u>2019</u>
Revenue Bonds, net	\$1,172,223,260	\$1,279,680,417
Other	15,243,544	19,335,667
Revenue bonds and notes payable, net	<u>\$1,187,466,804</u>	<u>\$1,299,016,084</u>



Brendan Iribe Center, UMCP

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**Auxiliary Facility and Tuition Revenue Bonds**

As of June 30, 2020, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	Interest Rates	Maturity Dates	Principal Outstanding
2009 Refunding Series D	4.00%	2021-2022	\$ 4,040,000
2010 Series B	4.5%	2021	6,040,000
2010 Series C	2.50% - 4.00%	2021-2023	16,675,000
2010 Series E	4.2%	2021	6,000,000
2011 Series A	3.00% - 5.00%	2021-2031	28,025,000
2011 Refunding Series B	3.00% - 5.00%	2021-2024	22,450,000
2012 Refunding Series A & B	2.00% - 3.25%	2021-2024	15,490,000
2012 Series C & D	2.00% - 5.00%	2020-2032	123,610,000
2014 Series A	3.00% - 5.00%	2021-2034	110,305,000
2015 Series A	3.00% - 5.00%	2021-2028	51,065,000
2016 Series A	3.00% - 5.00%	2021-2036	121,920,000
2016 Refunding Series B	2.375% - 5.00%	2021-2030	57,355,000
2017 Series A	4.00% - 5.00%	2021-2037	104,380,000
2017 Refunding Series B	5.00%	2021-2023	25,100,000
2018 Series A	3.00% - 5.00%	2021-2038	108,020,000
2019 Series A	3.00% - 5.00%	2021-2039	110,950,000
2019 Refunding Series B	5.00%	2021-2029	38,080,000
2019 Refunding Series C	3.00-5.00%	2022-2030	107,965,000
Subtotal			1,057,470,000
Unamortized discounts and premiums			114,753,260
Revenue Bonds, net			<u>\$1,172,223,260</u>

Revenue Bonds have been issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Revenue Bonds. Pursuant to the Indenture of Trust, the System has agreed to charge and collect tuition revenues and net auxiliary facility fees in an amount that is not less than 200% of the maximum future annual debt service on Revenue Bonds.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

Revenue Bonds issued during the years ended June 30, 2020 and 2019, including the results of any refinancing of outstanding debt, were as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred gain on refunding	Economic gain
2019 Series A	2/20/2019	\$ 115,000,000	\$ 11,238,799				
2019 Refunding Series B	2/20/2019	38,080,000	7,487,584	\$ 44,290,000	\$ 12,277,467	\$ 151,488	\$ 10,630,322
2019 Refunding Series C	9/18/2019	107,965,000	22,021,246	127,000,000	14,852,333	189,389	13,416,590

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 5.9% and 6.2% in Federal fiscal year 2020 and 2019, respectively. 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, 2020, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$47,510,000.

As of June 30, 2020 and 2019, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$62,086,522 and \$157,085,964, respectively.



USM at Hagerstown, Lease

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**Other**

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

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

Future principal and interest payments as of June 30, 2020, are as follows:

Year ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2021	\$ 94,990,000	\$ 44,048,662	\$ 4,305,675	\$ 214,186	\$ 143,558,523
2022	84,415,000	39,660,757	4,268,528	158,835	128,503,120
2023	85,720,000	35,854,657	3,129,438	102,211	124,806,306
2024	82,760,000	32,008,257	2,914,517	44,278	117,727,052
2025	73,355,000	28,562,782	303,782		102,221,564
2026 - 2030	355,350,000	94,885,359	321,604		450,556,963
2031 - 2035	205,375,000	33,520,607			238,895,607
2036 - 2040	75,505,000	5,029,445			80,534,445
Total	<u>\$1,057,470,000</u>	<u>\$ 313,570,526</u>	<u>\$ 15,243,544</u>	<u>\$ 519,510</u>	<u>\$1,386,803,580</u>

12. LEASES**Obligations under capital lease agreements**

The System leases four facilities, two for the use of the University of Maryland College Park, one for the use of Towson University, and one for the use of the University System of Maryland Hagerstown Regional Higher Education Center, 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 leases, 3.2% for the Towson University lease, and 4% for the University System of Maryland Hagerstown Regional Higher Education Center lease, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

Future minimum payments on obligations under capital lease agreements as of June 30, 2020, are as follows:

<u>Years ending June 30,</u>	<u>Total</u>
2021	\$ 2,287,189
2022	2,115,864
2023	736,158
2024	738,460
2025	740,786
2026 - 2030	3,739,641
2031 - 2035	3,801,374
2036 - 2040	3,486,844
2041 - 2045	<u>1,261,005</u>
Total future lease payments	18,907,321
Less: Interest component	<u>(4,724,357)</u>
Obligations under capital lease agreements	<u>\$ 14,182,964</u>

Operating leases

The System and its institutions lease facilities and equipment under agreements accounted for 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, 2020, are as follows:

<u>Years ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2021	\$ 17,748,561
2022	14,560,268
2023	13,151,920
2024	12,589,673
2025	11,064,016
2026 - 2030	<u>2,417,104</u>
Total	<u>\$ 71,531,542</u>

Operating lease expenditures for the years ended June 30, 2020 and 2019, were \$18,722,991 and \$17,091,382, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**13. AUXILIARY ENTERPRISES**

Auxiliary enterprises revenues for the years ended June 30, 2020 and 2019, were as follows:

	<u>2020</u>		<u>2019</u>	
Residential facilities	\$166,289,368		\$204,234,018	
Less: scholarship allowances	<u>(9,619,728)</u>	\$156,669,640	<u>(11,275,093)</u>	\$192,958,925
Dining facilities	105,895,827		137,630,194	
Less: scholarship allowances	<u>(4,905,838)</u>	100,989,989	<u>(6,327,041)</u>	131,303,153
Intercollegiate athletics	124,374,286		140,759,174	
Less: scholarship allowances	<u>(6,267,635)</u>	118,106,651	<u>(6,350,369)</u>	134,408,805
Bookstore	13,692,645		15,689,421	
Less: scholarship allowances	<u>(1,531,320)</u>	12,161,325	<u>(1,475,404)</u>	14,214,017
Parking facilities	36,825,497		44,278,604	
Less: scholarship allowances	<u>(136,669)</u>	36,688,828	<u>(141,414)</u>	44,137,190
Other	132,783,243		155,766,798	
Less: scholarship allowances	<u>(37,181)</u>	132,746,062	<u>(35,507)</u>	155,731,291
Total auxiliary enterprises revenues		<u>\$557,362,495</u>		<u>\$672,753,381</u>

Auxiliary enterprises expenses for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Residential facilities	\$184,119,860	\$180,250,467
Dining facilities	115,170,982	123,133,350
Intercollegiate athletics	138,171,000	145,198,019
Bookstore	14,773,008	16,393,630
Parking facilities	34,280,720	35,699,965
Other	138,835,403	140,094,560
Total auxiliary enterprises expenses	<u>\$625,350,973</u>	<u>\$640,769,991</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

14. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2020 and 2019, were as follows:

	June 30, 2018	Additions	Decreases	June 30, 2019	Additions	Decreases	June 30, 2020	Due Within One Year
Accrued vacation costs	\$ 215,540,359	\$ 132,322,401	\$ 120,354,002	\$ 227,508,758	\$ 135,425,575	\$ 87,806,106	\$ 275,128,227	\$ 123,461,419
Accrued workers' compensation	29,372,000	4,369,179	5,008,179	28,733,000	9,389,272	5,550,272	32,572,000	4,885,800
Revenue bonds and notes payable, net	1,280,211,094	172,711,919	153,906,929	1,299,016,084	129,975,301	241,524,581	1,187,466,804	99,295,675
Obligations under capital lease agreements	6,046,127		1,548,768	4,497,359	11,540,774	1,855,169	14,182,964	1,846,129
Net pension liability	1,130,058,957	179,939,388		1,309,998,345	34,434,943		1,275,563,402	
Total long-term liabilities	<u>\$2,661,228,537</u>	<u>\$ 489,342,887</u>	<u>\$ 280,817,878</u>	<u>\$2,869,753,546</u>	<u>\$ 251,895,979</u>	<u>\$ 336,736,128</u>	<u>\$2,784,913,397</u>	<u>\$ 229,489,023</u>

15. OPERATING EXPENSES BY OBJECT

The System reports operating expenses in the Statement of Revenues, Expenses and Changes in Net Position by program category. Operating expenses, grouped by object classification for the years ended June 30, 2020 and 2019, were as follows:

	2020				2019			
	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$1,213,418,998	\$ 124,497,722	\$ 64,155,188	\$1,402,071,908	\$1,166,967,421	\$ 132,588,071	\$ 64,757,003	\$1,364,312,495
Research	652,999,712	357,551,264	29,071,145	1,039,622,121	530,408,634	427,741,212	30,685,316	988,835,162
Public service	401,023,089	114,443,863	6,132,058	521,599,010	482,942,000	60,743,438	5,230,380	548,915,818
Academic support	367,479,854	123,456,387	36,394,177	527,330,418	336,595,237	116,282,552	33,829,835	486,707,624
Student services	196,328,840	116,605,687	8,487,033	321,421,560	188,320,630	118,031,621	7,937,334	314,289,585
Institutional support	428,688,504	98,725,115	16,565,938	543,979,557	376,268,469	143,246,547	17,500,222	537,015,238
Operation and maintenance of plant	166,157,212	164,209,284	71,633,876	402,000,372	165,237,085	164,047,493	73,377,637	402,662,215
Scholarships and fellowships	8,314,241	128,992,837		137,307,078	6,842,742	112,994,706		119,837,448
Auxiliary enterprises:								
Residential facilities	52,888,628	71,601,837	59,629,395	184,119,860	54,419,968	65,817,220	60,013,279	180,250,467
Dining facilities	41,744,607	66,077,750	7,348,625	115,170,982	40,480,051	75,503,277	7,150,022	123,133,350
Intercollegiate athletics	71,126,264	56,567,280	10,477,456	138,171,000	75,783,288	59,374,839	10,039,892	145,198,019
Bookstore	4,073,747	10,673,926	25,335	14,773,008	4,244,614	12,112,694	36,322	16,393,630
Parking facilities	18,693,409	9,240,238	6,347,073	34,280,720	18,513,932	10,676,730	6,509,303	35,699,965
Other auxiliary enterprises	61,646,472	46,545,833	30,643,098	138,835,403	59,227,404	49,920,264	30,946,892	140,094,560
Total	<u>\$3,684,583,577</u>	<u>\$1,489,189,023</u>	<u>\$ 346,910,397</u>	<u>\$5,520,682,997</u>	<u>\$3,506,251,475</u>	<u>\$1,549,080,664</u>	<u>\$ 348,013,437</u>	<u>\$5,403,345,576</u>

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UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019****16. RETIREMENT AND PENSION PLANS****General Information about the Pension Plan****Plan description**

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

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

Benefits provided

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

Disability and Death Benefits

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019****Contributions**

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

The System's required contribution for the years ended June 30, 2020 and 2019, was \$140,862,090 and \$127,554,617, respectively, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only).

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

As of June 30, 2020 and 2019, the System reported a liability of \$1,275,563,402 and \$1,309,998,345, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was a ratio of the System's long-term share of contributions to the pension plan relative to the contributions of all participating government units, actuarially determined. As of June 30, 2020 and 2019, the System's proportion for the net pension liability was 6.61% and 6.66%, respectively.

For the years ended June 30, 2020 and 2019, the System recognized pension expense of \$237,081,657 and \$243,039,951, respectively. As of June 30, 2020 and 2019, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 17,614,082	\$ 34,714,953	\$ 30,204,737	
Net difference between projected and actual earnings on pension plan investments	28,437,385		41,337,748	
Contributions made subsequent to the measurement date	140,862,090		127,554,617	
Change in proportionate share	203,102,940		297,641,967	
Net difference between actual and expected experience		75,040,905		85,824,130
Total	<u>\$390,016,497</u>	<u>\$109,755,858</u>	<u>\$496,739,069</u>	<u>\$ 85,824,130</u>

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

The System reported \$140,862,090 as deferred outflows of resources related to the pension resulting from the System's contributions subsequent to the measurement date that will be recognized as a reduction of the pension liability in the year ended June 30, 2021.

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

<u>Years ending June 30,</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>
2021	\$127,359,394	\$ 33,228,538
2022	65,179,266	29,308,916
2023	48,844,133	24,854,838
2024	7,771,614	15,439,318
2025		6,924,248
Total	<u>\$249,154,407</u>	<u>\$109,755,858</u>

Information included in the MSRPS financial statements

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

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

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

The System's proportionate share of the net pension liability calculated using the discount rate of 7.40 percent is \$1,275,563,402. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) is \$1,846,250,350, or 1-percentage-point higher (8.40 percent) is \$800,253,122.

Optional Retirement Program

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

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

State legislation provides that the System contribute 7.25% of covered employees' annual salaries each month. The employee does not have to contribute to the plan in order to receive the System's contribution. The System's contribution along with that of the employee is immediately and fully vested.

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

Payroll for employees covered in the ORP for the years ended June 30, 2020 and 2019, was \$1,362,372,442 and \$1,303,322,870, respectively.

The amount contributed by the System for employees participating in the ORP for the years ended June 30, 2020 and 2019 was \$98,772,002 and \$94,490,908, respectively.

Major Component Units

The USMF maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The USMF contributes 7.25% of the employees' compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the years ended June 30, 2020 and 2019, was approximately \$237,000 and \$211,000, respectively.

17. OTHER POSTEMPLOYMENT BENEFITS

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

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Plan Description

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

www.marylandtaxes.com

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

UNIVERSITY SYSTEM OF MARYLAND**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019****Funding Policy**

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

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

A separate actuarial valuation is not performed by the System. The System's only obligation to the Plan is its required annual contribution, which it has fully funded during the years ended June 30, 2020, 2019, and 2018. The amount contributed for the years ended June 30, 2020, 2019, and 2018 was \$86,698,017, \$87,680,958, and \$74,945,815 respectively.

18. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2020 is \$518,000,000 of which \$362,000,000 is to be funded from Revenue Bond proceeds, \$57,000,000 is to be derived from State capital appropriations and grants, and \$99,000,000 to be provided from System funds.

19. CONTINGENT LIABILITIES

The System has entered into future purchase commitments for natural gas and electricity, as a means of hedging its risk against fluctuations in price of an important fuel commodity and electricity supplies. As of June 30, 2020, the System had entered into open contracts for the purchase of \$5,386,579 of natural gas to be delivered through June 2021. Future purchase commitments for electricity to be supplied through June 2021 totaled \$39,501,857 as of June 30, 2020. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

The System receives support from federal and state grant programs, primarily for student financial assistance and research activities. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. As of June 30, 2020, the System estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the accompanying financial statements.

The System is involved in a number of legal actions that arise in the normal course of its operations. 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, 2020 AND 2019**

20. RISK MANAGEMENT

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

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

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2020 and 2019. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2020 and 2019. As of June 30, 2020 and 2019, the System has recorded \$32,572,000 and \$28,733,000, in liabilities associated with workers' compensation, respectively.



USM IS COMMITTED TO
WELCOMING
TALENTED STUDENTS
AND SCHOLARS FROM
ACROSS THE STATE,
NATION AND GLOBE.

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REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY SYSTEM OF MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2020 AND 2019

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

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

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

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

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

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

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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SUPPLEMENTARY DATA

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 401,564,260	\$ 2,952,269	\$ 409,427,514	\$ 5,279,620
Accounts receivable, net	111,584,033	24,413,320	93,982,025	19,554,257
Notes receivable, current portion, net	1,182,381		1,359,707	
Inventories	88,613		260,540	
Prepaid expenses and other	531,582	32,803	339,240	222,208
Inter-institutional balances	(4,520,047)		(7,017,166)	
Total current assets	510,430,822	27,398,392	498,351,860	25,056,085
Noncurrent assets				
Accounts receivable, net		11,143,393		21,363,544
Endowment investments	111,540,588	247,168,684	115,633,652	243,525,619
Other investments	1,917,365	190,004,378	1,860,343	190,692,282
Notes receivable, net	10,262,161		12,092,369	
Other assets		5,000,737		4,738,686
Capital assets, net	866,456,399		868,471,280	
Total noncurrent assets	990,176,513	453,317,192	998,057,644	460,320,131
Total assets	1,500,607,335	480,715,584	1,496,409,504	485,376,216
DEFERRED OUTFLOWS OF RESOURCES	84,298,502		108,354,219	
Total assets and deferred outflows of resources	\$1,584,905,837	\$ 480,715,584	\$1,604,763,723	\$ 485,376,216
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 60,259,190	\$ 1,872,018	\$ 60,291,198	\$ 1,267,902
Accrued workers' compensation, current portion	1,460,100		1,104,300	
Accrued vacation costs, current portion	47,241,622		44,461,174	
Revenue bonds and notes payable, current portion	10,794,619		9,703,282	
Unearned revenues	61,687,225		69,057,689	
Total current liabilities	181,442,756	1,872,018	184,617,643	1,267,902
Noncurrent liabilities				
Accrued workers' compensation	8,273,900		6,257,700	
Accrued vacation costs	54,026,636		47,473,645	
Endowments invested on behalf of primary government		111,540,588		115,633,652
Other payables		2,202,594		1,696,555
Revenue bonds and notes payable	62,157,149		73,332,399	
Net pension liability	274,403,660		281,940,512	
Total noncurrent liabilities	398,861,345	113,743,182	409,004,256	117,330,207
Total liabilities	580,304,101	115,615,200	593,621,899	118,598,109
DEFERRED INFLOWS OF RESOURCES	45,281,397		43,626,462	
NET POSITION				
Unrestricted	100,245,408	48,187,710	115,578,821	50,204,053
Net investment in capital assets	772,405,108		762,994,155	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	9,556,077		9,376,926	
Research	3,614,391		1,881,391	
Other	10,297,251		10,297,251	
Expendable:				
Scholarships and fellowships	24,958,430		25,304,106	
Research	3,159,662		7,792,426	
Loans	16,458,728		17,991,739	
Other	18,625,284		16,298,547	
Net assets with donor restrictions		316,912,674		316,574,054
Total net position	959,320,339	365,100,384	967,515,362	366,778,107
Total liabilities, deferred inflows of resources and net position	\$1,584,905,837	\$ 480,715,584	\$1,604,763,723	\$ 485,376,216

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 164,339,175		\$ 158,650,379	
Less: scholarship allowances	<u>(32,534,795)</u>	\$ 131,804,380	<u>(29,530,962)</u>	\$ 129,119,417
Federal grants and contracts		310,302,030		323,545,421
State and local grants and contracts		96,629,202		89,362,363
Nongovernmental grants and contracts		100,538,392		115,242,195
Sales and services of educational departments		293,043,185		282,141,621
Auxiliary enterprises:				
Residential facilities		2,471,821		2,521,863
Parking facilities		12,882,677		13,770,217
Other auxiliary enterprises revenues		<u>13,432,265</u>		<u>15,992,680</u>
Total operating revenues		<u>961,103,952</u>		<u>971,695,777</u>
OPERATING EXPENSES				
Instruction		198,839,982		197,956,348
Research		385,247,961		350,373,609
Public service		368,983,955		390,274,219
Academic support		68,426,020		65,359,015
Student services		13,609,800		12,613,150
Institutional support		99,749,483		84,074,118
Operation and maintenance of plant		96,761,290		111,808,860
Scholarships and fellowships		644,632		1,411,630
Auxiliary enterprises:				
Residential facilities		1,853,964		1,943,184
Parking facilities		9,521,969		10,214,773
Other auxiliary enterprises expenses		<u>14,214,986</u>		<u>14,750,703</u>
Total operating expenses		<u>1,257,854,042</u>		<u>1,240,779,609</u>
Operating loss		<u>(296,750,090)</u>		<u>(269,083,832)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		252,312,068		236,403,430
Pell grants		1,128,374		1,206,354
Other nonoperating grants		11,909,188		
Gifts		18,657,125	\$ 26,484,924	19,019,013
Investment income	8,861,544		3,325,283	16,341,176
Less: investment expense	<u>(468,566)</u>	8,392,978	<u>(472,509)</u>	15,868,667
Interest on indebtedness		(2,371,905)		(2,618,460)
Other revenues, (expenses), gains and (losses)		(2,115,009)		650,275
Other affiliated foundation revenues			454,964	1,554,569
Other affiliated foundation expenses			(28,744,546)	(29,157,426)
Transfers (to) other University System of Maryland institutions		<u>(4,918,179)</u>		<u>(5,098,792)</u>
Total nonoperating revenues		<u>282,994,640</u>	<u>1,520,625</u>	<u>265,430,487</u>
Income (loss) before other revenues		<u>(13,755,450)</u>	<u>1,520,625</u>	<u>(3,653,345)</u>
OTHER REVENUES				
Capital appropriations		3,648,277		11,281,090
Additions to endowments		<u>1,912,150</u>		<u>439,068</u>
Total other revenues		<u>5,560,427</u>		<u>11,720,158</u>
Increase (decrease) in net position		(8,195,023)	1,520,625	8,066,813
Net position - beginning of year		967,515,362	366,778,107	959,448,549
Change in reporting entity			<u>(3,198,348)</u>	
Net position - end of year		<u>\$ 959,320,339</u>	<u>\$ 365,100,384</u>	<u>\$ 967,515,362</u>
				<u>\$ 366,778,107</u>

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 126,543,412	\$ 125,762,768
Research contracts and grants	482,117,387	543,732,798
Payments to employees	(864,698,301)	(817,506,173)
Payments to suppliers and contractors	(301,575,315)	(326,520,231)
Loans issued to students	(1,106,250)	(929,000)
Collection of loans to students	2,752,068	2,943,546
Auxiliary enterprises:		
Residential facilities	719,854	769,897
Parking facilities	12,882,677	13,770,217
Other	13,494,154	16,043,968
Other receipts	<u>318,333,465</u>	<u>304,125,721</u>
Net cash provided (used) by operating activities	<u>(210,536,849)</u>	<u>(137,806,489)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	252,312,068	236,403,430
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	212,150	439,068
Pell grants	1,128,374	1,206,354
Student direct lending payments	(142,957,417)	(140,233,241)
Student direct lending receipts	142,957,417	140,233,241
Other nonoperating grants	<u>11,433,018</u>	<u></u>
Net cash provided by noncapital financing activities	<u>265,085,610</u>	<u>238,048,852</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	3,415,341	3,645,542
Capital appropriations	3,648,277	11,281,090
Proceeds from sales of capital assets	2,598,414	11,610
Purchases of capital assets	(61,544,941)	(54,099,515)
Principal paid on debt and capital leases	(12,761,608)	(13,219,733)
Interest paid on debt and capital leases	(3,171,891)	(3,445,326)
Transfers (to) other University System of Maryland institutions	<u>(7,024,627)</u>	<u>(4,859,375)</u>
Net cash provided (used) by capital and related financing activities	<u>(74,841,035)</u>	<u>(60,685,707)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	5,589,759	4,825,065
Interest on investments	7,844,977	8,749,720
Investment expense	(468,566)	(472,509)
Purchases of investments	<u>(537,150)</u>	<u>(1,531,059)</u>
Net cash provided by investing activities	<u>12,429,020</u>	<u>11,571,217</u>
Net increase (decrease) in cash and cash equivalents	(7,863,254)	51,127,873
Cash and cash equivalents - beginning of year	<u>409,427,514</u>	<u>358,299,641</u>
Cash and cash equivalents - end of year	<u>\$ 401,564,260</u>	<u>\$ 409,427,514</u>

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 786,086,496	\$ 55,202,291	\$ 735,715,565	\$ 50,918,160
Accounts receivable, net	124,217,360	97,580,231	106,445,948	110,998,810
Notes receivable, current portion, net	419,304		1,292,936	
Inventories	2,833,043		2,884,540	
Prepaid expenses and other	2,714,420	122,631	2,284,257	285,737
Inter-institutional balances	(12,223,499)		(13,129,645)	
Total current assets	904,047,124	152,905,153	835,493,601	162,202,707
Noncurrent assets				
Restricted cash and cash equivalents	10,421,194		1,530,671	
Accounts receivable, net		49,262,244		79,626,301
Endowment investments	170,333,695	553,468,612	174,081,864	517,187,554
Other investments	12,105,984	259,548,867	10,933,036	271,608,078
Notes receivable, net	4,696,455		5,408,442	
Other assets		528,571		546,910
Capital assets, net	2,172,482,524	32,497,263	2,117,110,678	34,055,275
Total noncurrent assets	2,370,039,852	895,305,557	2,309,064,691	903,024,118
Total assets	3,274,086,976	1,048,210,710	3,144,558,292	1,065,226,825
DEFERRED OUTFLOWS OF RESOURCES	144,840,161		183,168,015	
Total assets and deferred outflows of resources	\$ 3,418,927,137	\$ 1,048,210,710	\$ 3,327,726,307	\$ 1,065,226,825
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 141,736,471	\$ 627,644	\$ 110,384,108	\$ 7,935,576
Accrued workers' compensation, current portion	2,000,850		1,613,850	
Accrued vacation costs, current portion	29,706,483		24,332,855	
Revenue bonds and notes payable, current portion	29,127,989		30,411,792	
Obligations under capital lease agreements, current portion	504,559		471,357	
Unearned revenues	191,250,979	926,816	156,047,651	1,539,987
Total current liabilities	394,327,331	1,554,460	323,261,613	9,475,563
Noncurrent liabilities				
Accrued workers' compensation	11,338,150		9,145,150	
Accrued vacation costs	65,336,106		41,432,670	
Endowments invested on behalf of primary government		170,326,495		174,074,664
Other payables		16,566,402		15,133,365
Revenue bonds and notes payable	282,133,890		278,052,141	
Obligations under capital lease agreements	7,012,607		247,649	
Net pension liability	425,254,917		436,964,022	
Total noncurrent liabilities	791,075,670	186,892,897	765,841,632	189,208,029
Total liabilities	1,185,403,001	188,447,357	1,089,103,245	198,683,592
DEFERRED INFLOWS OF RESOURCES	148,101,383		150,518,601	
NET POSITION				
Unrestricted	230,759,320	25,177,796	289,871,932	42,731,278
Net investment in capital assets	1,742,654,884		1,689,842,848	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	6,794,134		6,152,733	
Research	3,595,785		3,580,543	
Other	5,164,324		5,164,166	
Expendable:				
Scholarships and fellowships	8,815,945		10,212,380	
Research	73,934,445		66,720,555	
Loans	6,958,434		9,207,272	
Capital projects			51,431	
Other	6,745,482		7,300,601	
Net assets with donor restrictions		834,585,557		823,811,955
Total net position	2,085,422,753	859,763,353	2,088,104,461	866,543,233
Total liabilities, deferred inflows of resources and net position	\$ 3,418,927,137	\$ 1,048,210,710	\$ 3,327,726,307	\$ 1,065,226,825

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 662,527,116		\$ 650,515,959	
Less: scholarship allowances	(116,349,482)	\$ 546,177,634	(109,394,701)	\$ 541,121,258
Federal grants and contracts		372,108,570		362,654,892
State and local grants and contracts		53,377,366		54,379,262
Nongovernmental grants and contracts		114,410,271		112,386,867
Sales and services of educational departments		28,884,271		33,549,203
Auxiliary enterprises:				
Residential facilities	62,735,881		79,846,142	
Less: scholarship allowances	(3,337,683)	59,398,198	(3,201,138)	76,645,004
Dining facilities	46,934,338		61,611,320	
Less: scholarship allowances	(1,293,787)	45,640,551	(1,502,743)	60,108,577
Intercollegiate athletics		80,939,793		85,419,758
Parking facilities		12,841,923		16,135,380
Other auxiliary enterprises revenues		35,291,699		45,452,599
Other operating revenues		33,163,575		38,852,029
Total operating revenues		1,382,233,851		1,426,704,829
OPERATING EXPENSES				
Instruction		575,337,022		543,424,878
Research		502,837,913		487,037,326
Public service		92,956,597		97,655,842
Academic support		231,643,105		214,617,099
Student services		84,583,416		61,456,624
Institutional support		149,645,747		154,468,681
Operation and maintenance of plant		123,862,207		122,898,232
Scholarships and fellowships		34,752,364		30,824,029
Auxiliary enterprises:				
Residential facilities		90,660,078		90,985,695
Dining facilities		59,413,678		60,348,130
Intercollegiate athletics		83,250,668		89,414,467
Parking facilities		14,387,880		13,907,132
Other auxiliary enterprises expenses		64,703,774		59,920,193
Total operating expenses		2,088,034,449		2,026,958,328
Operating loss		(705,800,598)		(600,253,499)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		567,662,254		532,483,695
Pell grants		26,557,634		27,356,496
Other nonoperating grants		26,006,991		
Gifts		29,931,312	\$ 80,438,406	27,486,152
Investment income	16,153,210		6,799,189	\$ 126,532,088
Less: investment expense	(659,901)	15,493,309	28,468,339	34,262,925
Interest on indebtedness		(9,507,203)	(592,906)	27,875,433
Other revenues, (expenses), gains and (losses)		(3,851,541)		(8,854,804)
Other affiliated foundation revenues			1,753,458	(586,812)
Other affiliated foundation expenses			(78,432,553)	6,422,966
Transfers (to) from other University System of Maryland institutions		3,382,993		(91,778,201)
Total nonoperating revenues		655,675,749	10,558,500	599,405,621
Income (loss) before other revenues		(50,124,849)	10,558,500	(847,878)
OTHER REVENUES				
Capital appropriations		24,993,137		56,093,413
Capital gifts and grants		21,793,203		25,228,965
Additions to endowments		656,801		271,096
Total other revenues		47,443,141		81,593,474
Increase (decrease) in net position		(2,681,708)	10,558,500	80,745,596
Net position - beginning of year		2,088,104,461	866,543,233	2,007,358,865
Change in reporting entity			(17,338,380)	
Net position - end of year		\$ 2,085,422,753	\$ 859,763,353	\$ 2,088,104,461
				\$ 866,543,233

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 541,473,680	\$ 541,081,301
Research contracts and grants	533,982,322	529,949,470
Payments to employees	(1,343,297,407)	(1,353,263,949)
Payments to suppliers and contractors	(538,147,753)	(494,528,914)
Loans issued to students	(787,720)	(300,000)
Collection of loans to students	2,373,339	1,609,653
Auxiliary enterprises:		
Residential facilities	51,688,084	68,934,889
Dining facilities	45,640,551	60,108,577
Intercollegiate athletics	92,590,924	115,000,438
Parking facilities	12,841,923	16,135,380
Other	38,728,035	46,356,312
Other receipts	113,873,915	95,875,859
Net cash provided (used) by operating activities	<u>(449,040,107)</u>	<u>(373,040,984)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	567,662,254	532,483,695
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	656,801	271,096
Pell grants	26,557,634	27,356,496
Student direct lending payments	(130,144,628)	(137,627,076)
Student direct lending receipts	130,144,628	137,627,076
Other nonoperating grants	25,637,073	
Net cash provided by noncapital financing activities	<u>620,513,762</u>	<u>560,111,287</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	15,318,335	10,437,228
Capital appropriations	24,993,137	56,093,413
Capital grants and gifts received	21,793,203	25,228,965
Proceeds from sales of capital assets	1,738,385	1,861,038
Purchases of capital assets	(174,855,878)	(183,732,750)
Principal paid on debt and capital leases	(46,527,966)	(41,505,417)
Interest paid on debt and capital leases	(11,629,681)	(11,407,318)
Transfers from other University System of Maryland institutions	38,889,733	24,713,287
Net cash provided (used) by capital and related financing activities	<u>(130,280,732)</u>	<u>(118,311,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	6,295,410	6,239,871
Interest on investments	13,500,470	23,126,533
Investment expense	(659,901)	(592,906)
Purchases of investments	(1,067,448)	(26,102,122)
Net cash provided by investing activities	<u>18,068,531</u>	<u>2,671,376</u>
Net increase in cash and cash equivalents	59,261,454	71,430,125
Cash and cash equivalents - beginning of year	<u>737,246,236</u>	<u>665,816,111</u>
Cash and cash equivalents - end year	<u>\$ 796,507,690</u>	<u>\$ 737,246,236</u>

BOWIE STATE UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 90,702,238	\$ 1,845,397	\$ 97,924,445	\$ 1,220,699
Accounts receivable, net	7,485,932		5,004,045	1,281,353
Notes receivable, current portion, net	63,658		66,443	
Inter-institutional balances	447,823		326,741	
Total current assets	<u>98,699,651</u>	<u>1,845,397</u>	<u>103,321,674</u>	<u>2,502,052</u>
Noncurrent assets				
Accounts receivable, net		450,176		
Endowment investments	2,310,418	8,872,726	2,392,429	9,075,401
Other investments		2,310,418		2,392,429
Notes receivable, net	444,480		149,975	
Capital assets, net	281,583,127		277,219,560	
Total noncurrent assets	<u>284,338,025</u>	<u>11,633,320</u>	<u>279,761,964</u>	<u>11,467,830</u>
Total assets	<u>383,037,676</u>	<u>13,478,717</u>	<u>383,083,638</u>	<u>13,969,882</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>11,967,634</u>		<u>15,441,959</u>	
Total assets and deferred outflows of resources	<u>\$ 395,005,310</u>	<u>\$ 13,478,717</u>	<u>\$ 398,525,597</u>	<u>\$ 13,969,882</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 10,855,745	\$ 347,534	\$ 10,528,557	\$ 786,214
Accrued workers' compensation, current portion	152,850		157,350	
Accrued vacation costs, current portion	1,804,181		1,776,604	
Revenue bonds and notes payable, current portion	2,774,688		2,939,107	
Unearned revenues	4,391,062		3,707,286	156,850
Total current liabilities	<u>19,978,526</u>	<u>347,534</u>	<u>19,108,904</u>	<u>943,064</u>
Noncurrent liabilities				
Accrued workers' compensation	866,150		891,650	
Accrued vacation costs	2,034,230		1,540,651	
Endowments invested on behalf of primary government		2,310,418		2,392,429
Revenue bonds and notes payable	34,917,052		37,635,151	
Net pension liability	36,068,985		37,089,940	
Total noncurrent liabilities	<u>73,886,417</u>	<u>2,310,418</u>	<u>77,157,392</u>	<u>2,392,429</u>
Total liabilities	<u>93,864,943</u>	<u>2,657,952</u>	<u>96,266,296</u>	<u>3,335,493</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>21,948,279</u>		<u>23,083,237</u>	
NET POSITION				
Unrestricted	53,431,031	623,309	62,436,228	724,036
Net investment in capital assets	225,171,098		216,387,143	
Restricted:				
Expendable:				
Loans	589,959		352,693	
Net assets with donor restrictions		10,197,456		9,910,353
Total net position	<u>279,192,088</u>	<u>10,820,765</u>	<u>279,176,064</u>	<u>10,634,389</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 395,005,310</u>	<u>\$ 13,478,717</u>	<u>\$ 398,525,597</u>	<u>\$ 13,969,882</u>

BOWIE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 45,244,214		\$ 45,548,577	
Less: scholarship allowances	(16,160,295)	\$ 29,083,919	(16,296,354)	\$ 29,252,223
Federal grants and contracts		11,731,952		9,160,805
State and local grants and contracts		256,556		283,162
Nongovernmental grants and contracts		259,873		510,468
Sales and services of educational departments		23,218		35,446
Auxiliary enterprises:				
Residential facilities	5,505,008		6,804,860	
Less: scholarship allowances	(65,347)	5,439,661	(58,361)	6,746,499
Dining facilities	4,679,453		5,036,387	
Less: scholarship allowances	(666,030)	4,013,423	(631,437)	4,404,950
Intercollegiate athletics	4,329,412		4,242,688	
Less: scholarship allowances	(450,794)	3,878,618	(486,222)	3,756,466
Parking facilities		195,562		252,844
Other auxiliary enterprises revenues		9,338,530		8,967,156
Total operating revenues		64,221,312		63,370,019
OPERATING EXPENSES				
Instruction		42,014,391		43,207,361
Research		1,422,678		974,161
Public service		221,485		268,785
Academic support		17,772,118		15,960,817
Student services		11,453,702		9,529,638
Institutional support		20,634,413		19,236,054
Operation and maintenance of plant		13,303,863		11,493,756
Scholarships and fellowships		4,348,177		2,153,693
Auxiliary enterprises:				
Residential facilities		5,888,203		6,436,429
Dining facilities		5,122,535		4,964,928
Intercollegiate athletics		4,544,166		4,557,513
Other auxiliary enterprises expenses		6,022,971		4,694,326
Total operating expenses		132,748,702		123,477,461
Operating loss		(68,527,390)		(60,107,442)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		48,077,890		46,013,664
Pell grants		12,690,372		12,951,274
Other nonoperating grants		6,819,189		
Gifts			\$ 1,276,430	\$ 1,991,157
Investment income	1,468,220		64,264	478,919
Less: investment expense	(5,930)	1,462,290	(5,823)	2,045,878
Interest on indebtedness		(1,079,009)		(1,149,459)
Other revenues, (expenses), gains and (losses)		536,444		660,598
Other affiliated foundation revenues			226,575	304,707
Other affiliated foundation expenses			(1,274,832)	(1,354,912)
Transfers (to) other University System of Maryland institutions		(1,051,847)		(1,223,944)
Total nonoperating revenues (expenses)		67,455,329	292,437	59,298,011
Income (loss) before other revenues		(1,072,061)	292,437	(809,431)
OTHER REVENUES				
Capital appropriations		1,088,085		1,210,399
Total other revenues		1,088,085		1,210,399
Increase (decrease) in net position		16,024	292,437	400,968
Net position - beginning of year		279,176,064	10,634,389	278,775,096
Change in reporting entity			(106,061)	
Net position - end of year		\$ 279,192,088	\$ 10,820,765	\$ 279,176,064
				\$ 10,634,389

BOWIE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 31,667,318	\$ 26,516,821
Research contracts and grants	10,406,406	10,211,551
Payments to employees	(74,458,012)	(70,443,356)
Payments to suppliers and contractors	(43,608,260)	(37,761,056)
Collection of loans to students	63,658	66,443
Auxiliary enterprises:		
Residential facilities	3,843,198	5,150,036
Dining facilities	4,013,423	4,404,950
Intercollegiate athletics	3,878,618	3,756,466
Parking facilities	195,562	252,844
Other	9,338,530	8,967,156
Other receipts (payments)	<u>(841,114)</u>	<u>1,271,415</u>
Net cash provided (used) by operating activities	<u>(55,500,673)</u>	<u>(47,606,730)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	48,077,890	46,013,664
Pell grants	12,690,372	12,951,274
Student direct lending payments	(39,789,511)	(40,980,067)
Student direct lending receipts	39,789,511	40,980,067
Other nonoperating grants	<u>4,880,519</u>	<u></u>
Net cash provided by noncapital financing activities	<u>65,648,781</u>	<u>58,964,938</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	2,065,312	3,718,794
Capital appropriations	1,088,085	1,210,399
Purchases of capital assets	(14,897,832)	(3,975,954)
Principal paid on debt and capital leases	(4,644,799)	(6,111,882)
Interest paid on debt and capital leases	(1,458,476)	(1,510,321)
Transfers (to) other University System of Maryland institutions	<u>(1,066,906)</u>	<u>(1,818,810)</u>
Net cash provided (used) by capital and related financing activities	<u>(18,914,616)</u>	<u>(8,487,774)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	102,840	
Interest on investments	1,447,391	2,016,146
Investment expense	<u>(5,930)</u>	<u>(5,823)</u>
Net cash provided by investing activities	<u>1,544,301</u>	<u>2,010,323</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,222,207)</u>	<u>4,880,757</u>
Cash and cash equivalents - beginning of year	<u>97,924,445</u>	<u>93,043,688</u>
Cash and cash equivalents - end of year	<u>\$ 90,702,238</u>	<u>\$ 97,924,445</u>

TOWSON UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 283,058,760	\$ 1,745,618	\$ 281,823,654	\$ 3,985,058
Accounts receivable, net	10,744,802	94,139	10,756,601	428,888
Notes receivable, current portion, net	1,339,309		1,620,495	
Inventories	3,770,917		3,350,179	
Prepaid expenses and other	3,400,370	308,027	4,481,856	365,626
Inter-institutional balances	(428,328)		(166,855)	
Total current assets	301,885,830	2,147,784	301,865,930	4,779,572
Noncurrent assets				
Restricted cash and cash equivalents	47,280		47,280	
Accounts receivable, net		2,343,785		3,148,504
Endowment investments	8,318,005	81,955,775	8,668,452	79,132,031
Other investments		8,247,197		8,584,783
Notes receivable, net	5,454,062		7,142,375	
Capital assets, net	1,025,027,733	993	921,162,351	2,341
Total noncurrent assets	1,038,847,080	92,547,750	937,020,458	90,867,659
Total assets	1,340,732,910	94,695,534	1,238,886,388	95,647,231
DEFERRED OUTFLOWS OF RESOURCES				
	41,566,820		52,429,219	
Total assets and deferred outflows of resources	\$1,382,299,730	\$ 94,695,534	\$1,291,315,607	\$ 95,647,231
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 32,480,289	\$ 773,653	\$ 33,264,682	\$ 1,612,318
Accrued workers' compensation, current portion	289,650		314,100	
Accrued vacation costs, current portion	10,149,721		8,835,221	
Revenue bonds and notes payable, current portion	23,605,919		22,059,906	
Obligations under capital lease agreements, current portion	1,258,235		1,181,180	
Unearned revenues	10,287,997		10,014,251	
Total current liabilities	78,071,811	773,653	75,669,340	1,612,318
Noncurrent liabilities				
Accrued workers' compensation	1,641,350		1,779,900	
Accrued vacation costs	3,378,564		2,845,009	
Endowments invested on behalf of primary government		8,247,197		8,561,568
Revenue bonds and notes payable	334,008,982		331,814,956	
Obligations under capital lease agreements	1,338,939		2,597,173	
Net pension liability	128,112,411		131,360,521	
Total noncurrent liabilities	468,480,246	8,247,197	470,397,559	8,561,568
Total liabilities	546,552,057	9,020,850	546,066,899	10,173,886
DEFERRED INFLOWS OF RESOURCES				
	45,623,577		46,722,232	
NET POSITION				
Unrestricted	144,823,671	3,450,755	154,259,983	3,692,939
Net investment in capital assets	632,345,481		528,772,086	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025		265,025	
Expendable:				
Scholarships and fellowships	29,753		136,144	
Research	2,584,985		2,053,121	
Loans	7,486,076		10,338,820	
Other	2,589,105		2,701,297	
Net assets with donor restrictions		82,223,929		81,780,406
Total net position	790,124,096	85,674,684	698,526,476	85,473,345
Total liabilities, deferred inflows of resources and net position	\$1,382,299,730	\$ 94,695,534	\$1,291,315,607	\$ 95,647,231

TOWSON UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 196,801,674		\$ 197,189,997	
Less: scholarship allowances	(54,722,872)	\$ 142,078,802	(53,291,220)	\$ 143,898,777
Federal grants and contracts		1,747,119		2,968,224
State and local grants and contracts		2,320,674		1,781,354
Nongovernmental grants and contracts		271,385		312,006
Sales and services of educational departments		5,839,512		6,839,707
Auxiliary enterprises:				
Residential facilities	32,226,049		38,127,964	
Less: scholarship allowances	(1,125,633)	31,100,416	(1,073,388)	37,054,576
Dining facilities	19,150,816		25,046,338	
Less: scholarship allowances	(527,510)	18,623,306	(621,625)	24,424,713
Intercollegiate athletics	16,376,252		21,066,990	
Less: scholarship allowances	(4,528,764)	11,847,488	(4,624,659)	16,442,331
Bookstore	5,322,312		6,351,704	
Less: scholarship allowances	(1,514,804)	3,807,508	(1,469,892)	4,881,812
Parking facilities		6,481,646		9,292,126
Other auxiliary enterprises revenues		37,826,746		39,275,821
Total operating revenues	261,944,602		287,171,447	
OPERATING EXPENSES				
Instruction		141,018,875		135,174,289
Research		3,787,134		4,608,296
Public service		8,394,684		8,996,204
Academic support		42,992,211		44,380,038
Student services		27,467,862		26,803,666
Institutional support		58,100,989		54,042,888
Operation and maintenance of plant		34,464,745		33,782,507
Scholarships and fellowships		20,087,676		13,876,206
Auxiliary enterprises:				
Residential facilities		28,810,622		26,468,000
Dining facilities		16,311,789		19,896,999
Intercollegiate athletics		18,134,373		17,536,566
Bookstore		6,215,508		7,043,880
Parking facilities		7,044,153		7,819,680
Other auxiliary enterprises expenses		20,387,707		21,296,557
Total operating expenses		433,218,328		421,725,776
Operating loss		(171,273,726)		(134,554,329)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		131,859,194		120,316,767
Pell grants		28,865,536		28,585,695
Other nonoperating grants		16,709,147		
Gifts		3,178,276	\$ 3,679,080	486,729
Investment income	4,946,619		2,539,820	\$ 8,054,462
Less: investment expense	(20,524)	4,926,095	6,861,615	4,494,686
Interest on indebtedness		(11,331,444)	(21,003)	6,840,612
Other revenues, (expenses), gains and (losses)		9,988,256		(11,372,757)
Other affiliated foundation revenues				12,726,185
Other affiliated foundation expenses			977,019	1,979,086
Transfers (to) other University System of Maryland institutions		(5,539,951)	(6,629,310)	(9,611,539)
Total nonoperating revenues		178,655,109	566,609	150,817,368
Income before other revenues		7,381,383	566,609	16,263,039
OTHER REVENUES				
Capital appropriations		83,872,169		56,587,838
Capital gifts and grants		344,068		10,540
Total other revenues		84,216,237		56,598,378
Increase in net position		91,597,620	566,609	72,861,417
Net position - beginning of year		698,526,476	85,473,345	625,665,059
Change in reporting entity			(365,270)	
Net position - end of year		\$ 790,124,096	\$ 85,674,684	\$ 698,526,476

**TOWSON UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 144,242,750	\$ 142,439,380
Research contracts and grants	1,596,392	6,865,814
Payments to employees	(264,248,373)	(252,449,148)
Payments to suppliers and contractors	(112,511,698)	(110,014,471)
Collection of loans to students	1,969,499	1,955,775
Auxiliary enterprises:		
Residential facilities	28,671,490	34,375,449
Dining facilities	18,952,927	24,349,037
Intercollegiate athletics	12,451,408	15,703,469
Bookstores	4,055,324	5,247,503
Parking facilities	6,575,652	9,265,057
Other	36,924,853	39,702,501
Other receipts	19,972,682	20,804,384
Net cash provided (used) by operating activities	<u>(101,347,094)</u>	<u>(61,755,250)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	131,859,194	120,316,767
Pell grants	28,865,536	28,585,695
Student direct lending payments	(115,557,264)	(115,785,086)
Student direct lending receipts	115,557,264	115,785,086
Other nonoperating grants	16,709,147	
Net cash provided by noncapital financing activities	<u>177,433,877</u>	<u>148,902,462</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	58,064,392	6,813,247
Capital appropriations	83,872,169	56,587,838
Purchases of capital assets	(150,383,169)	(97,765,503)
Principal paid on debt and capital leases	(79,549,067)	(28,270,151)
Interest paid on debt and capital leases	(14,951,532)	(13,741,012)
Transfers from other University System of Maryland institutions	22,818,988	10,345,044
Net cash provided (used) by capital and related financing activities	<u>(80,128,219)</u>	<u>(66,030,537)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	389,432	377,699
Interest on investments	4,907,634	6,299,199
Investment expense	(20,524)	(21,003)
Net cash provided by investing activities	<u>5,276,542</u>	<u>6,655,895</u>
Net increase in cash and cash equivalents	1,235,106	27,772,570
Cash and cash equivalents - beginning of year	<u>281,870,934</u>	<u>254,098,364</u>
Cash and cash equivalents - end of year	<u>\$ 283,106,040</u>	<u>\$ 281,870,934</u>

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 508,155		\$ 2,733,778	\$ 235,938
Accounts receivable, net	7,371,172	\$ 116,447	3,990,256	43,857
Notes receivable, current portion, net	148,336		186,505	
Prepaid expenses and other	184,939		153,624	
Inter-institutional balances	1,480,032		466,096	
Total current assets	9,692,634	116,447	7,530,259	279,795
Noncurrent assets				
Accounts receivable, net		338,791		500,221
Endowment investments	6,570,058	22,692,671	6,549,502	23,192,535
Other investments		8,318,768		7,764,383
Notes receivable, net	429,537		596,257	
Other assets				38,191
Capital assets, net	214,916,287	36,000	218,066,139	10,575,899
Total noncurrent assets	221,915,882	31,386,230	225,211,898	42,071,229
Total assets	231,608,516	31,502,677	232,742,157	42,351,024
DEFERRED OUTFLOWS OF RESOURCES	11,599,780		14,652,213	
Total assets and deferred outflows of resources	\$ 243,208,296	\$ 31,502,677	\$ 247,394,370	\$ 42,351,024
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 6,995,200	\$ 500	\$ 6,180,685	\$ 568,012
Accrued workers' compensation, current portion	149,100		195,150	
Accrued vacation costs, current portion	2,374,856		2,394,193	
Revenue bonds and notes payable, current portion	2,900,942		3,770,316	185,687
Unearned revenues	1,373,142		1,716,863	99,288
Total current liabilities	13,793,240	500	14,257,207	852,987
Noncurrent liabilities				
Accrued workers' compensation	844,900		1,105,850	
Accrued vacation costs	3,033,358		2,336,251	
Endowments invested on behalf of primary government		6,570,058		6,549,502
Revenue bonds and notes payable	13,934,515		17,784,939	12,380,967
Net pension liability	35,093,149		35,967,523	
Total noncurrent liabilities	52,905,922	6,570,058	57,194,563	18,930,469
Total liabilities	66,699,162	6,569,558	71,451,770	19,783,456
DEFERRED INFLOWS OF RESOURCES	2,622,221		2,226,975	
NET POSITION				
Unrestricted	(33,550,689)	3,863,199	(31,738,986)	1,442,648
Net investment in capital assets	198,293,219		196,801,883	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009		28,009	
Expendable:				
Scholarships and fellowships	2,954,120		2,789,228	
Loans	4,610,473		4,281,298	
Other	1,551,781		1,554,193	
Net assets with donor restrictions		21,069,920		21,124,920
Total net position	173,886,913	24,933,119	173,715,625	22,567,568
Total liabilities, deferred inflows of resources and net position	\$ 243,208,296	\$ 31,502,677	\$ 247,394,370	\$ 42,351,024

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 25,261,528		\$ 24,460,644	
Less: scholarship allowances	<u>(10,603,392)</u>	\$ 14,658,136	<u>(11,591,131)</u>	\$ 12,869,513
Federal grants and contracts		7,937,227		9,994,660
State and local grants and contracts		9,459,519		7,626,428
Nongovernmental grants and contracts		1,191,220		1,160,137
Sales and services of educational departments		5,412		227,260
Auxiliary enterprises:				
Residential facilities	6,949,986		8,810,119	
Less: scholarship allowances	<u>(330,499)</u>	6,619,487	<u>(363,833)</u>	8,446,286
Dining facilities	3,962,309		5,064,949	
Less: scholarship allowances	<u>(523,431)</u>	3,438,878	<u>(510,132)</u>	4,554,817
Intercollegiate athletics		2,881,039		3,787,146
Parking facilities		74,130		101,235
Other auxiliary enterprises revenues		4,463,246		5,364,705
Other operating revenues		<u>1,483,042</u>		<u>1,695,424</u>
Total operating revenues		<u>52,211,336</u>		<u>55,827,611</u>
OPERATING EXPENSES				
Instruction		43,030,510		41,277,621
Research		10,404,186		11,144,256
Public service		3,235,566		2,814,599
Academic support		8,765,572		8,565,535
Student services		5,946,895		5,876,139
Institutional support		13,046,580		12,981,921
Operation and maintenance of plant		11,064,897		11,624,255
Scholarships and fellowships		3,309,222		924,499
Auxiliary enterprises:				
Residential facilities		7,653,169		7,560,667
Dining facilities		3,954,862		4,687,763
Intercollegiate athletics		4,706,238		4,936,866
Other auxiliary enterprises expenses		<u>4,577,285</u>		<u>4,863,851</u>
Total operating expenses		<u>119,694,982</u>		<u>117,257,972</u>
Operating loss		<u>(67,483,646)</u>		<u>(61,430,361)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations		45,885,966		44,084,104
Pell grants		6,006,486		6,656,618
Other nonoperating grants		7,580,105		
Gifts		112,755	\$ 903,472	337,354
Investment income	175,061		319,849	\$ 632,539
Less: investment expense	<u>(24,344)</u>	150,717	<u>632,174</u>	1,261,006
Interest on indebtedness		(564,471)		(632,213)
Other revenues, (expenses), gains and (losses)		280,595		(655,273)
Other affiliated foundation revenues			34,304	1,087,638
Other affiliated foundation expenses			(1,345,606)	(3,551,778)
Transfers from other University System of Maryland institutions		<u>1,735,152</u>		<u>614,862</u>
Total nonoperating revenues (expenses)		<u>61,187,305</u>	<u>(87,981)</u>	<u>51,013,330</u>
Income (loss) before other revenues		<u>(6,296,341)</u>	<u>(87,981)</u>	<u>(10,417,031)</u>
OTHER REVENUES				
Capital appropriations		<u>6,467,629</u>		<u>4,753,106</u>
Total other revenues		<u>6,467,629</u>		<u>4,753,106</u>
Increase (decrease) in net position		171,288	(87,981)	(5,663,925)
Net position - beginning of year		173,715,625	22,567,568	179,379,550
Change in reporting entity			<u>2,453,532</u>	
Net position - end of year		<u>\$ 173,886,913</u>	<u>\$ 24,933,119</u>	<u>\$ 173,715,625</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 14,534,149	\$ 12,611,301
Research contracts and grants	18,842,094	19,743,173
Payments to employees	(70,130,826)	(68,320,976)
Payments to suppliers and contractors	(35,129,691)	(33,208,954)
Collection of loans to students	204,889	413,607
Auxiliary enterprises:		
Residential facilities	6,619,487	8,446,286
Dining facilities	3,438,878	4,554,817
Intercollegiate athletics	2,881,039	3,787,146
Parking facilities	74,130	101,235
Other	3,721,953	5,909,347
Other receipts	<u>2,646,549</u>	<u>1,833,788</u>
Net cash provided (used) by operating activities	<u>(52,297,349)</u>	<u>(44,129,230)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	45,885,966	44,084,104
Pell grants	6,006,486	6,656,618
Student direct lending payments	(20,378,219)	(26,971,605)
Student direct lending receipts	20,378,219	26,971,605
Other nonoperating grants	<u>4,466,619</u>	<u></u>
Net cash provided by noncapital financing activities	<u>56,359,071</u>	<u>50,740,722</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	910,079	609,435
Capital appropriations	6,467,629	4,753,106
Purchases of capital assets	(8,372,029)	(7,494,087)
Principal paid on debt and capital leases	(5,516,249)	(5,432,792)
Interest paid on debt and capital leases	(882,927)	(1,007,237)
Transfers (to) from other University System of Maryland institutions	<u>976,002</u>	<u>(1,158,593)</u>
Net cash provided (used) by capital and related financing activities	<u>(6,417,495)</u>	<u>(9,730,168)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	103,895	422,709
Interest on investments	117,599	191,216
Investment expense	(24,344)	(24,296)
Purchases of investments	<u>(67,000)</u>	<u>(4,315)</u>
Net cash provided by investing activities	<u>130,150</u>	<u>585,314</u>
Net increase (decrease) in cash and cash equivalents	(2,225,623)	(2,533,362)
Cash and cash equivalents - beginning of year	<u>2,733,778</u>	<u>5,267,140</u>
Cash and cash equivalents - end of year	<u>\$ 508,155</u>	<u>\$ 2,733,778</u>

FROSTBURG STATE UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 33,405,166	\$ 377,423	\$ 37,336,687	\$ 362,376
Accounts receivable, net	2,765,658	82,630	1,976,524	99,751
Notes receivable, current portion, net	26,481		47,992	
Inventories	1,196,243		1,036,438	
Prepaid expenses and other	1,746,645	19,626	1,371,560	25,935
Inter-institutional balances	4,873		795,846	
Total current assets	<u>39,145,066</u>	<u>479,679</u>	<u>42,565,047</u>	<u>488,062</u>
Noncurrent assets				
Accounts receivable, net		1,148,075		1,072,123
Endowment investments	4,262,939	24,146,864	4,397,441	24,257,729
Other investments		8,062,873		8,349,870
Notes receivable, net	408,728		497,368	
Other assets		380,271		366,474
Capital assets, net	<u>202,007,168</u>	<u>33,000</u>	<u>174,201,605</u>	<u>33,023</u>
Total noncurrent assets	<u>206,678,835</u>	<u>33,771,083</u>	<u>179,096,414</u>	<u>34,079,219</u>
Total assets	245,823,901	34,250,762	221,661,461	34,567,281
DEFERRED OUTFLOWS OF RESOURCES	<u>15,545,363</u>		<u>19,289,326</u>	
Total assets and deferred outflows of resources	<u>\$ 261,369,264</u>	<u>\$ 34,250,762</u>	<u>\$ 240,950,787</u>	<u>\$ 34,567,281</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 8,468,632	\$ 22,249	\$ 7,323,270	\$ 30,708
Accrued workers' compensation, current portion	107,100		109,350	
Accrued vacation costs, current portion	3,754,942		3,281,448	
Revenue bonds and notes payable, current portion	2,934,084		2,074,267	
Unearned revenues	<u>1,973,715</u>	<u>220</u>	<u>2,038,855</u>	<u>55,690</u>
Total current liabilities	<u>17,238,473</u>	<u>22,469</u>	<u>14,827,190</u>	<u>86,398</u>
Noncurrent liabilities				
Accrued workers' compensation	606,900		619,650	
Accrued vacation costs	152,137		312,513	
Endowments invested on behalf of primary government		4,262,939		4,397,441
Other payables		44,923		
Revenue bonds and notes payable	50,179,583		26,701,601	
Net pension liability	<u>47,723,824</u>		<u>48,823,129</u>	
Total noncurrent liabilities	<u>98,662,444</u>	<u>4,307,862</u>	<u>76,456,893</u>	<u>4,397,441</u>
Total liabilities	<u>115,900,917</u>	<u>4,330,331</u>	<u>91,284,083</u>	<u>4,483,839</u>
DEFERRED INFLOWS OF RESOURCES	<u>18,779,176</u>		<u>19,454,772</u>	
NET POSITION				
Unrestricted	(9,637,930)	2,498,857	(3,124,957)	2,454,425
Net investment in capital assets	133,805,583		129,177,519	
Restricted:				
Nonexpendable:				
Other	750,000		750,000	
Expendable:				
Scholarships and fellowships	70,873		22,943	
Research	883,976		2,140,250	
Loans	544,243		918,393	
Other	272,426		327,784	
Net assets with donor restrictions		<u>27,421,574</u>		<u>27,629,017</u>
Total net position	<u>126,689,171</u>	<u>29,920,431</u>	<u>130,211,932</u>	<u>30,083,442</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 261,369,264</u>	<u>\$ 34,250,762</u>	<u>\$ 240,950,787</u>	<u>\$ 34,567,281</u>

FROSTBURG STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 37,263,620		\$ 37,499,030	
Less: scholarship allowances	(8,353,602)	\$ 28,910,018	(8,648,036)	\$ 28,850,994
Federal grants and contracts		1,847,352		2,013,030
State and local grants and contracts		1,559,751		2,656,468
Nongovernmental grants and contracts		1,213,181		318,707
Sales and services of educational departments		1,141,692		1,344,839
Auxiliary enterprises:				
Residential facilities	5,954,283		6,986,448	
Less: scholarship allowances	(49,163)	5,905,120	(51,430)	6,935,018
Dining facilities	5,352,200		7,131,886	
Less: scholarship allowances	(11,125)	5,341,075	(22,685)	7,109,201
Intercollegiate athletics	2,630,538		3,757,217	
Less: scholarship allowances	(40,536)	2,590,002	(49,246)	3,707,971
Bookstore	1,097,404		1,422,908	
Less: scholarship allowances	(13,327)	1,084,077	(4,634)	1,418,274
Other auxiliary enterprises revenues	3,616,181		4,883,358	
Less: scholarship allowances	(29,245)	3,586,936	(31,466)	4,851,892
Other operating revenues		565,373		564,847
Total operating revenues		53,744,577		59,771,241
OPERATING EXPENSES				
Instruction		36,707,238		36,137,025
Research		138,440		149,060
Public service		4,767,281		4,858,149
Academic support		10,953,102		10,597,644
Student services		5,003,653		5,433,499
Institutional support		15,282,269		15,593,922
Operation and maintenance of plant		11,513,326		10,299,227
Scholarships and fellowships		9,492,700		8,305,032
Auxiliary enterprises:				
Residential facilities		6,440,921		5,584,223
Dining facilities		4,848,838		5,308,667
Intercollegiate athletics		4,879,219		4,715,516
Bookstore		1,226,044		1,379,917
Other auxiliary enterprises expenses		3,990,421		4,420,019
Total operating expenses		115,243,452		112,781,900
Operating loss		(61,498,875)		(53,010,659)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		44,610,144		42,341,396
Pell grants		7,384,180		7,667,056
Other nonoperating grants		2,326,661		
Gifts		1,324,914	\$ 1,612,829	1,316,724
Investment income	627,719		1,064,846	\$ 3,249,935
Less: investment expense	(14,579)	613,140	(14,361)	1,583,400
Interest on indebtedness		(1,564,475)		(707,778)
Other revenues, (expenses), gains and (losses)		(381,197)		18,945
Other affiliated foundation revenues			353,690	392,887
Other affiliated foundation expenses			(2,404,114)	(2,514,518)
Transfers (to) from other University System of Maryland institutions		111,339		(824,295)
Total nonoperating revenues (expenses)		54,424,706	(163,011)	50,862,533
Income (loss) before other revenues		(7,074,169)	(163,011)	(2,148,126)
OTHER REVENUES				
Capital appropriations		3,405,515		2,451,994
Capital gifts and grants		145,893		74,104
Total other revenues		3,551,408		2,526,098
Increase (decrease) in net position		(3,522,761)	(163,011)	377,972
Net position - beginning of year		130,211,932	30,083,442	129,833,960
Net position - end of year		\$ 126,689,171	\$ 29,920,431	\$ 130,211,932

**FROSTBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 28,445,876	\$ 29,121,730
Research contracts and grants	4,272,145	4,994,277
Payments to employees	(70,686,285)	(69,179,677)
Payments to suppliers and contractors	(32,520,590)	(31,420,250)
Collection of loans to students	110,151	117,194
Auxiliary enterprises:		
Residential facilities	4,732,652	5,762,500
Dining facilities	5,382,998	7,109,519
Intercollegiate athletics	2,611,018	3,685,856
Bookstores	1,175,030	1,405,033
Other	3,749,505	4,804,216
Other receipts	<u>2,336,134</u>	<u>3,168,131</u>
Net cash provided (used) by operating activities	<u>(50,391,366)</u>	<u>(40,431,471)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	44,610,144	42,341,396
Pell grants	7,384,180	7,667,056
Student direct lending payments	(24,878,195)	(24,878,508)
Student direct lending receipts	24,878,195	24,878,508
Other nonoperating grants	<u>2,120,104</u>	<u></u>
Net cash provided by noncapital financing activities	<u>54,114,428</u>	<u>50,008,452</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	6,797,293	2,369,645
Capital appropriations	3,405,515	2,451,994
Purchases of capital assets	(35,694,719)	(17,824,726)
Principal paid on debt and capital leases	(9,363,747)	(3,501,034)
Interest paid on debt and capital leases	(1,725,252)	(851,379)
Transfers from other University System of Maryland institutions	<u>28,178,685</u>	<u>10,086,145</u>
Net cash provided (used) by capital and related financing activities	<u>(8,402,225)</u>	<u>(7,269,355)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	172,986	135,069
Interest on investments	589,235	784,813
Investment expense	(14,579)	(14,361)
Purchases of investments	<u></u>	<u>(108,732)</u>
Net cash provided by investing activities	<u>747,642</u>	<u>796,789</u>
Net increase (decrease) in cash and cash equivalents	(3,931,521)	3,104,415
Cash and cash equivalents - beginning of year	<u>37,336,687</u>	<u>34,232,272</u>
Cash and cash equivalents - end of year	<u>\$ 33,405,166</u>	<u>\$ 37,336,687</u>

**COPPIN STATE UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 19,431,927	\$ 3,825,682	\$ 18,618,678	\$ 3,138,127
Accounts receivable, net	4,362,273	674,448	2,359,348	563,482
Notes receivable, current portion, net	28,892		88,227	
Prepaid expenses and other	75,028	143,066	20,228	14,730
Inter-institutional balances	(1,005,392)		(1,838,898)	
Total current assets	<u>22,892,728</u>	<u>4,643,196</u>	<u>19,247,583</u>	<u>3,716,339</u>
Noncurrent assets				
Endowment investments	2,773,742	8,622,460	2,856,772	9,072,047
Other investments		2,773,742		2,856,772
Notes receivable, net	678,564		730,438	
Capital assets, net	<u>306,482,586</u>	<u>169,700</u>	<u>313,351,304</u>	<u>30,100</u>
Total noncurrent assets	<u>309,934,892</u>	<u>11,565,902</u>	<u>316,938,514</u>	<u>11,958,919</u>
Total assets	<u>332,827,620</u>	<u>16,209,098</u>	<u>336,186,097</u>	<u>15,675,258</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>11,381,533</u>		<u>14,741,940</u>	
Total assets and deferred outflows of resources	<u>\$ 344,209,153</u>	<u>\$ 16,209,098</u>	<u>\$ 350,928,037</u>	<u>\$ 15,675,258</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 7,018,924	\$ 115,491	\$ 6,762,626	\$ 63,999
Accrued workers' compensation, current portion	140,400		153,300	
Accrued vacation costs, current portion	1,759,418		1,476,533	
Revenue bonds and notes payable, current portion	2,291,496		2,671,490	
Unearned revenues	<u>2,593,040</u>		<u>2,674,890</u>	
Total current liabilities	<u>13,803,278</u>	<u>115,491</u>	<u>13,738,839</u>	<u>63,999</u>
Noncurrent liabilities				
Accrued workers' compensation	795,600		868,700	
Accrued vacation costs	1,461,851		1,797,510	
Endowments invested on behalf of primary government		2,773,742		2,856,772
Other payables		144,233		4,904
Revenue bonds and notes payable	31,300,840		34,188,949	
Net pension liability	<u>42,030,222</u>		<u>42,956,209</u>	
Total noncurrent liabilities	<u>75,588,513</u>	<u>2,917,975</u>	<u>79,811,368</u>	<u>2,861,676</u>
Total liabilities	<u>89,391,791</u>	<u>3,033,466</u>	<u>93,550,207</u>	<u>2,925,675</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>3,416,941</u>		<u>2,998,366</u>	
NET POSITION				
Unrestricted	(23,224,830)	347,188	(24,087,071)	232,153
Net investment in capital assets	273,044,392		276,697,988	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	434,289		434,289	
Other	240,125		240,125	
Expendable:				
Scholarships and fellowships	13,952		20,815	
Loans	892,493		1,073,318	
Net assets with donor restrictions		<u>12,828,444</u>		<u>12,517,430</u>
Total net position	<u>251,400,421</u>	<u>13,175,632</u>	<u>254,379,464</u>	<u>12,749,583</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 344,209,153</u>	<u>\$ 16,209,098</u>	<u>\$ 350,928,037</u>	<u>\$ 15,675,258</u>

COPPIN STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 14,777,588		\$ 14,539,497	
Less: scholarship allowances	(9,930,641)	\$ 4,846,947	(9,839,149)	\$ 4,700,348
Federal grants and contracts		5,489,280		5,062,988
State and local grants and contracts		596,600		883,895
Nongovernmental grants and contracts		749,881		967,192
Sales and services of educational departments		361,740		402,136
Auxiliary enterprises:				
Residential facilities	3,615,679		3,625,298	
Less: scholarship allowances	(193,374)	3,422,305	(288,000)	3,337,298
Dining facilities		2,860,294		2,764,179
Intercollegiate athletics	2,602,856		2,705,330	
Less: scholarship allowances	(1,247,541)	1,355,315	(1,190,242)	1,515,088
Parking facilities	1,288,905		1,396,531	
Less: scholarship allowances	(136,669)	1,152,236	(141,414)	1,255,117
Other auxiliary enterprises revenues		2,470,603		4,211,101
Total operating revenues		23,305,201		25,099,342
OPERATING EXPENSES				
Instruction		25,301,069		24,728,870
Research		535,717		646,179
Public service		26,226		26,806
Academic support		8,493,908		8,354,073
Student services		6,678,492		6,551,588
Institutional support		22,169,504		20,725,873
Operation and maintenance of plant		10,670,902		12,242,066
Scholarships and fellowships		1,803,952		440,811
Auxiliary enterprises:				
Residential facilities		3,236,712		2,630,865
Dining facilities		3,203,897		2,739,604
Intercollegiate athletics		4,468,340		4,917,662
Parking facilities		666,051		1,010,267
Other auxiliary enterprises expenses		2,532,008		2,968,945
Total operating expenses		89,786,778		87,983,609
Operating loss		(66,481,577)		(62,884,267)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		48,812,311		47,293,536
Pell grants		6,735,990		6,552,959
Other nonoperating grants		4,798,801		
Gifts			\$ 1,246,078	\$ 1,158,464
Investment income	349,388		115,364	606,412
Less: investment expense	(8,925)	340,463	558,234	543,958
Interest on indebtedness		(1,073,431)	(14,276)	(1,141,960)
Other revenues, (expenses), gains and (losses)		(196,296)		(213,538)
Other affiliated foundation revenues			257,322	299,305
Other affiliated foundation expenses			(1,192,715)	(1,233,539)
Transfers from other University System of Maryland institutions		1,998,124		2,375,274
Total nonoperating revenues		61,415,962	426,049	830,642
Income (loss) before other revenues		(5,065,615)	426,049	(7,474,038)
OTHER REVENUES				
Capital appropriations		2,086,572		10,247
Additions to endowments				909
Total other revenues		2,086,572		11,156
Increase (decrease) in net position		(2,979,043)	426,049	(7,462,882)
Net position - beginning of year		254,379,464	12,749,583	261,842,346
Net position - end of year	\$ 251,400,421	\$ 13,175,632	\$ 254,379,464	\$ 12,749,583

**COPPIN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 5,532,194	\$ 4,377,108
Research contracts and grants	6,753,910	6,693,629
Payments to employees	(50,644,279)	(50,394,958)
Payments to suppliers and contractors	(25,636,127)	(25,935,538)
Loans issued to students		(24,388)
Collection of loans to students	111,209	32,695
Auxiliary enterprises:		
Residential facilities	3,422,305	3,337,298
Dining facilities	2,860,294	2,764,179
Intercollegiate athletics	1,355,315	1,515,088
Parking facilities	1,152,235	1,255,117
Other	486,778	4,211,101
Other receipts	<u>3,042,925</u>	<u>4,501,729</u>
Net cash provided (used) by operating activities	<u>(51,563,241)</u>	<u>(47,666,940)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	48,812,311	47,293,536
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes		909
Pell grants	6,735,990	6,552,959
Student direct lending payments	(15,276,233)	(16,090,002)
Student direct lending receipts	15,276,233	16,090,002
Other nonoperating grants	<u>2,110,630</u>	
Net cash provided by noncapital financing activities	<u>57,658,931</u>	<u>53,847,404</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	2,517,631	5,391,170
Capital appropriations	2,086,572	10,247
Proceeds from sales of capital assets	18,425	29,863
Purchases of capital assets	(4,672,254)	(569,176)
Principal paid on debt and capital leases	(5,633,748)	(8,258,487)
Interest paid on debt and capital leases	(1,490,197)	(1,577,124)
Transfers from other University System of Maryland institutions	<u>1,482,379</u>	<u>1,286,542</u>
Net cash provided (used) by capital and related financing activities	<u>(5,691,192)</u>	<u>(3,686,965)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	108,002	97,988
Interest on investments	324,416	371,160
Investment expense	(23,667)	(14,276)
Purchases of investments		<u>(909)</u>
Net cash provided by investing activities	<u>408,751</u>	<u>453,963</u>
Net increase in cash and cash equivalents	813,249	2,947,462
Cash and cash equivalents - beginning of year	<u>18,618,678</u>	<u>15,671,216</u>
Cash and cash equivalents - end of year	<u>\$ 19,431,927</u>	<u>\$ 18,618,678</u>

UNIVERSITY OF BALTIMORE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 45,744,998	\$ 11,965,124	\$ 39,558,311	\$ 9,853,058
Accounts receivable, net	5,426,339	24,683	5,058,025	38,719
Notes receivable, current portion, net	58,334		90,873	
Prepaid expenses and other	565,569		1,093,567	
Inter-institutional balances	(5,145,840)		(6,017,609)	
Total current assets	<u>46,649,400</u>	<u>11,989,807</u>	<u>39,783,167</u>	<u>9,891,777</u>
Noncurrent assets				
Accounts receivable, net		4,845,744		3,700,707
Endowment investments	1,173,377	50,278,865	1,163,405	49,877,557
Other investments		7,561,940		8,977,253
Notes receivable, net	410,572		590,395	
Other assets		61,084		52,911
Capital assets, net	194,939,664	593,344	199,699,383	615,176
Total noncurrent assets	<u>196,523,613</u>	<u>63,340,977</u>	<u>201,453,183</u>	<u>63,223,604</u>
Total assets	<u>243,173,013</u>	<u>75,330,784</u>	<u>241,236,350</u>	<u>73,115,381</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>11,109,332</u>		<u>14,299,149</u>	
Total assets and deferred outflows of resources	<u>\$ 254,282,345</u>	<u>\$ 75,330,784</u>	<u>\$ 255,535,499</u>	<u>\$ 73,115,381</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 8,050,043	\$ 407,936	\$ 7,596,207	\$ 448,597
Accrued workers' compensation, current portion	82,650		73,500	
Accrued vacation costs, current portion	3,041,538		2,678,838	
Revenue bonds and notes payable, current portion	2,982,745		2,541,123	
Unearned revenues	6,795,497	707,099	6,957,840	913,808
Total current liabilities	<u>20,952,473</u>	<u>1,115,035</u>	<u>19,847,508</u>	<u>1,362,405</u>
Noncurrent liabilities				
Accrued workers' compensation	468,350		416,500	
Accrued vacation costs	1,765,532		1,612,577	
Endowments invested on behalf of primary government		1,173,377		1,163,405
Revenue bonds and notes payable	10,066,812		12,337,359	
Net pension liability	41,905,139		42,835,270	
Total noncurrent liabilities	<u>54,205,833</u>	<u>1,173,377</u>	<u>57,201,706</u>	<u>1,163,405</u>
Total liabilities	<u>75,158,306</u>	<u>2,288,412</u>	<u>77,049,214</u>	<u>2,525,810</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>3,512,268</u>		<u>3,091,818</u>	
NET POSITION				
Unrestricted	(7,314,606)	7,260,218	(10,888,573)	7,216,201
Net investment in capital assets	182,111,432		185,109,647	
Restricted:				
Expendable:				
Loans	814,945		1,173,393	
Net assets with donor restrictions		65,782,154		63,373,370
Total net position	<u>175,611,771</u>	<u>73,042,372</u>	<u>175,394,467</u>	<u>70,589,571</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 254,282,345</u>	<u>\$ 75,330,784</u>	<u>\$ 255,535,499</u>	<u>\$ 73,115,381</u>

UNIVERSITY OF BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 54,319,239		\$ 58,728,149	
Less: scholarship allowances	<u>(13,637,212)</u>	\$ 40,682,027	<u>(14,108,470)</u>	\$ 44,619,679
Federal grants and contracts	9,118,684		8,529,720	
State and local grants and contracts	7,232,491		7,411,171	
Nongovernmental grants and contracts	4,929,262		4,494,093	
Sales and services of educational departments	125,199		251,742	
Auxiliary enterprises:				
Parking facilities	795,256		1,456,660	
Other auxiliary enterprises revenues	5,372,563		5,113,561	
Other operating revenues	<u>196,285</u>		<u>251,921</u>	
Total operating revenues	<u>68,451,767</u>		<u>72,128,547</u>	
OPERATING EXPENSES				
Instruction	40,938,807		40,944,828	
Research	15,879,028		14,045,935	
Academic support	13,689,107		13,463,766	
Student services	10,375,494		10,213,435	
Institutional support	16,604,417		17,317,822	
Operation and maintenance of plant	8,782,891		8,998,122	
Scholarships and fellowships	3,250,291		2,506,366	
Auxiliary enterprises:				
Parking facilities	399,096		455,469	
Other auxiliary enterprises expenses	<u>2,467,782</u>		<u>2,875,287</u>	
Total operating expenses	<u>112,386,913</u>		<u>110,821,030</u>	
Operating loss	<u>(43,935,146)</u>		<u>(38,692,483)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	40,742,183		37,952,340	
Pell grants	3,829,584		4,604,482	
Other nonoperating grants	1,499,677			
Gifts		\$ 5,382,186		\$ 2,445,460
Investment income	946,864	1,067,916	1,203,219	3,392,198
Interest on indebtedness	(365,995)		(425,129)	
Other revenues, (expenses), gains and (losses)	(387,288)			
Other affiliated foundation revenues		62,762		182,009
Other affiliated foundation expenses		(4,060,063)		(4,409,061)
Transfers (to) other University System of Maryland institutions	<u>(2,945,588)</u>		<u>(3,807,399)</u>	
Total nonoperating revenues	<u>43,319,437</u>	<u>2,452,801</u>	<u>39,527,513</u>	<u>1,610,606</u>
Income (loss) before other revenues	<u>(615,709)</u>	<u>2,452,801</u>	<u>835,030</u>	<u>1,610,606</u>
OTHER REVENUES				
Capital appropriations	177,117		2,928,184	
Capital gifts and grants	<u>655,896</u>		<u>510,048</u>	
Total other revenues	<u>833,013</u>		<u>3,438,232</u>	
Increase in net position	217,304	2,452,801	4,273,262	1,610,606
Net position - beginning of year	<u>175,394,467</u>	<u>70,589,571</u>	<u>171,121,205</u>	<u>68,978,965</u>
Net position - end of year	<u>\$ 175,611,771</u>	<u>\$ 73,042,372</u>	<u>\$ 175,394,467</u>	<u>\$ 70,589,571</u>

**UNIVERSITY OF BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 40,652,649	\$ 44,470,940
Research contracts and grants	20,988,380	20,907,266
Payments to employees	(78,923,808)	(77,356,269)
Payments to suppliers and contractors	(22,026,101)	(25,380,317)
Collection of loans to students	356,078	531,187
Auxiliary enterprises:		
Parking facilities	795,255	1,456,660
Other	5,370,622	5,108,574
Other receipts	235,354	956,101
Net cash provided (used) by operating activities	<u>(32,551,571)</u>	<u>(29,305,858)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	40,742,183	37,952,340
Pell grants	3,829,584	4,604,482
Student direct lending payments	(43,682,919)	(46,795,639)
Student direct lending receipts	43,682,919	46,795,639
Other nonoperating grants	1,069,413	
Net cash provided by noncapital financing activities	<u>45,641,180</u>	<u>42,556,822</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	501,428	88,092
Capital appropriations	177,117	2,928,184
Capital grants and gifts received	655,896	510,048
Purchases of capital assets	(2,595,503)	(8,870,119)
Principal paid on debt and capital leases	(2,631,913)	(2,294,688)
Interest paid on debt and capital leases	(463,667)	(518,643)
Transfers (to) other University System of Maryland institutions	(3,361,119)	(4,519,904)
Net cash provided (used) by capital and related financing activities	<u>(7,717,761)</u>	<u>(12,677,030)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	814,839	1,007,249
Net cash provided by investing activities	<u>814,839</u>	<u>1,007,249</u>
Net increase in cash and cash equivalents	6,186,687	1,581,183
Cash and cash equivalents - beginning of year	<u>39,558,311</u>	<u>37,977,128</u>
Cash and cash equivalents - end of year	<u>\$ 45,744,998</u>	<u>\$ 39,558,311</u>

SALISBURY UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 123,813,326	\$ 1,832,380	\$ 126,394,007	\$ 1,631,518
Accounts receivable, net	3,324,217	4,241,959	2,641,323	4,690,625
Notes receivable, current portion, net	171,681		103,133	
Inventories	1,500,528		1,102,378	
Prepaid expenses and other	61,560	28,784	76,179	66,975
Inter-institutional balances	2,336,888		393,909	
Total current assets	131,208,200	6,103,123	130,710,929	6,389,118
Noncurrent assets				
Accounts receivable, net		2,003,677		2,890,136
Endowment investments	3,559,576	68,611,809	3,687,246	69,199,090
Other investments		7,530,107		7,990,841
Notes receivable, net	209,948		449,047	
Other assets		2,129,014		2,188,759
Capital assets, net	456,744,054	164,566	460,466,985	6,068,500
Total noncurrent assets	460,513,578	80,439,173	464,603,278	88,337,326
Total assets	591,721,778	86,542,296	595,314,207	94,726,444
DEFERRED OUTFLOWS OF RESOURCES	15,776,342		21,385,464	
Total assets and deferred outflows of resources	\$ 607,498,120	\$ 86,542,296	\$ 616,699,671	\$ 94,726,444
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 12,706,675		\$ 13,161,423	\$ 332,714
Accrued workers' compensation, current portion	188,400		186,900	
Accrued vacation costs, current portion	2,810,583		2,756,240	
Revenue bonds and notes payable, current portion	6,241,594	1,857,286	6,700,036	2,463,494
Unearned revenues	4,966,102	\$ 22,788	5,498,471	136,879
Total current liabilities	26,913,354	1,880,074	28,303,070	2,933,087
Noncurrent liabilities				
Accrued workers' compensation	1,067,600		1,059,100	
Accrued vacation costs	3,069,258		2,707,844	
Endowments invested on behalf of primary government		3,559,576		3,687,246
Other payables		1,700,144		2,011,781
Revenue bonds and notes payable	79,445,253		86,267,841	5,099,388
Net pension liability	52,763,819		54,410,050	
Total noncurrent liabilities	136,345,930	5,259,720	144,444,835	10,798,415
Total liabilities	163,259,284	7,139,794	172,747,905	13,731,502
DEFERRED INFLOWS OF RESOURCES	22,315,118		23,331,856	
NET POSITION				
Unrestricted	67,465,261	7,690,048	71,357,019	8,075,794
Net investment in capital assets	353,913,568		348,666,331	
Restricted:				
Expendable:				
Loans	544,889		596,560	
Net assets with donor restrictions		71,712,454		72,919,148
Total net position	421,923,718	79,402,502	420,619,910	80,994,942
Total liabilities, deferred inflows of resources and net position	\$ 607,498,120	\$ 86,542,296	\$ 616,699,671	\$ 94,726,444

SALISBURY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 79,098,011		\$ 76,949,976	
Less: scholarship allowances	(21,245,455)	\$ 57,852,556	(19,416,858)	\$ 57,533,118
Federal grants and contracts		1,676,021		1,722,359
State and local grants and contracts		4,470,380		3,779,156
Nongovernmental grants and contracts		431,168		511,157
Sales and services of educational departments		218,930		286,094
Auxiliary enterprises:				
Residential facilities	24,943,307		29,482,900	
Less: scholarship allowances	(916,872)	24,026,435	(856,993)	28,625,907
Dining facilities	12,411,816		16,343,934	
Less: scholarship allowances	(26,446)	12,385,370	(12,403)	16,331,531
Intercollegiate athletics		5,097,812		6,711,161
Bookstore		3,589,334		3,976,631
Parking facilities		715,430		805,392
Other auxiliary enterprises revenues	3,213,974		3,063,863	
Less: scholarship allowances	(7,936)	3,206,038	(4,041)	3,059,822
Total operating revenues	113,669,474		123,342,328	
OPERATING EXPENSES				
Instruction		62,788,272		62,007,744
Research		1,519,878		1,722,416
Public service		7,680,177		6,727,920
Academic support		18,235,109		18,135,112
Student services		8,441,365		9,144,375
Institutional support		19,355,110		19,192,153
Operation and maintenance of plant		23,697,181		23,752,952
Scholarships and fellowships		2,365,136		185,503
Auxiliary enterprises:				
Residential facilities		13,637,090		14,734,915
Dining facilities		12,017,824		13,337,211
Intercollegiate athletics		6,797,671		7,066,000
Bookstore		3,527,695		3,956,246
Parking facilities		840,390		932,427
Other auxiliary enterprises expenses		2,242,965		2,017,794
Total operating expenses		183,145,863		182,912,768
Operating loss		(69,476,389)		(59,570,440)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		58,280,356		55,094,664
Pell grants		8,775,599		8,614,043
Other nonoperating grants		6,146,915		
Gifts			\$ 4,261,996	\$ 6,691,806
Investment income	2,104,058		1,747,457	1,800,890
Less: investment expense	(9,302)	2,094,756	(9,134)	2,712,589
Interest on indebtedness		(2,539,153)		(2,807,265)
Other revenues, (expenses), gains and (losses)		(63,540)		(325,001)
Other affiliated foundation revenues			1,217,116	1,433,702
Other affiliated foundation expenses			(5,669,120)	(8,377,936)
Transfers (to) other University System of Maryland institutions		(2,014,782)		(2,715,747)
Total nonoperating revenues (expenses)		70,680,151	(1,937,465)	60,573,283
Income (loss) before other revenues		1,203,762	(1,937,465)	1,002,843
OTHER REVENUES				
Capital gifts and grants		100,046		1,818,495
Total other revenues		100,046		1,818,495
Increase (decrease) in net position		1,303,808	(1,937,465)	2,821,338
Net position - beginning of year		420,619,910	80,994,942	417,798,572
Change in reporting entity			345,025	
Net position - end of year	\$ 421,923,718	\$ 79,402,502	\$ 420,619,910	\$ 80,994,942

SALISBURY UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 57,414,364	\$ 57,767,766
Research contracts and grants	5,167,647	5,744,141
Payments to employees	(123,135,844)	(120,336,034)
Payments to suppliers and contractors	(40,917,634)	(37,432,429)
Collection of loans to students	170,551	179,619
Auxiliary enterprises:		
Residential facilities	23,774,701	26,871,839
Dining facilities	13,415,930	16,307,237
Intercollegiate athletics	5,555,137	6,710,764
Bookstores	3,589,334	3,976,631
Parking facilities	736,868	805,392
Other	3,223,205	3,065,616
Other receipts (payments)	498,908	(153,610)
Net cash provided (used) by operating activities	<u>(50,506,833)</u>	<u>(36,493,068)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	58,280,356	55,094,664
Pell grants	8,775,599	8,614,043
Student direct lending payments	(50,750,734)	(53,848,601)
Student direct lending receipts	50,750,734	53,848,601
Other nonoperating grants	6,715,980	
Net cash provided by noncapital financing activities	<u>73,771,935</u>	<u>63,708,707</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	28,418,458	11,837,999
Purchases of capital assets	(14,333,369)	(15,705,882)
Principal paid on debt and capital leases	(34,196,972)	(17,624,118)
Interest paid on debt and capital leases	(3,990,864)	(3,610,962)
Transfers (to) other University System of Maryland institutions	(3,965,462)	(167,142)
Net cash provided (used) by capital and related financing activities	<u>(28,068,209)</u>	<u>(25,270,105)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	159,782	100,918
Interest on investments	2,071,946	2,481,701
Investment expense	(9,302)	(9,134)
Net cash provided by investing activities	<u>2,222,426</u>	<u>2,573,485</u>
Net increase (decrease) in cash and cash equivalents	(2,580,681)	4,519,019
Cash and cash equivalents - beginning of year	<u>126,394,007</u>	<u>121,874,988</u>
Cash and cash equivalents - end of year	<u>\$ 123,813,326</u>	<u>\$ 126,394,007</u>

UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 350,513,025		\$ 349,941,854	
Accounts receivable, net	43,524,651	\$ 74,462	43,177,730	\$ 62,150
Notes receivable, current portion, net	3,070		65,542	
Inventories	37,363		43,177	
Prepaid expenses and other	8,035,249	750	10,601,143	750
Inter-institutional balances	776,634		337,533	
Total current assets	<u>402,889,992</u>	<u>75,212</u>	<u>404,166,979</u>	<u>62,900</u>
Noncurrent assets				
Accounts receivable, net		758,752		931,670
Endowment investments	10,111,035	34,551,131	10,213,655	18,630,397
Other investments	20,457,409	12,347,167	7,929,740	12,896,634
Notes receivable, net			1,193,316	
Capital assets, net	122,020,326	8,950,502	129,962,947	7,402,758
Total noncurrent assets	<u>152,588,770</u>	<u>56,607,552</u>	<u>149,299,658</u>	<u>39,861,459</u>
Total assets	<u>555,478,762</u>	<u>56,682,764</u>	<u>553,466,637</u>	<u>39,924,359</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>11,116,058</u>		<u>17,630,602</u>	
Total assets and deferred outflows of resources	<u>\$ 566,594,820</u>	<u>\$ 56,682,764</u>	<u>\$ 571,097,239</u>	<u>\$ 39,924,359</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 25,960,905	\$ 120	\$ 25,601,822	\$ 120
Accrued workers' compensation, current portion	117,150		193,200	
Accrued vacation costs, current portion	9,152,423		8,405,212	
Unearned revenues	52,109,222		50,796,888	
Total current liabilities	<u>87,339,700</u>	<u>120</u>	<u>84,997,122</u>	<u>120</u>
Noncurrent liabilities				
Accrued workers' compensation	663,850		1,094,800	
Accrued vacation costs	6,405,691		6,001,998	
Endowments invested on behalf of primary government		10,111,035		10,213,655
Net pension liability	45,001,137		46,440,325	
Total noncurrent liabilities	<u>52,070,678</u>	<u>10,111,035</u>	<u>53,537,123</u>	<u>10,213,655</u>
Total liabilities	<u>139,410,378</u>	<u>10,111,155</u>	<u>138,534,245</u>	<u>10,213,775</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>2,102,326</u>		<u>3,038,259</u>	
NET POSITION				
Unrestricted	302,952,934	6,250,112	298,087,340	5,241,032
Net investment in capital assets	122,020,326		129,962,947	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423		29,423	
Expendable:				
Scholarships and fellowships	35,071		41,421	
Loans	44,362		1,403,604	
Net assets with donor restrictions		40,321,497		24,469,552
Total net position	<u>425,082,116</u>	<u>46,571,609</u>	<u>429,524,735</u>	<u>29,710,584</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 566,594,820</u>	<u>\$ 56,682,764</u>	<u>\$ 571,097,239</u>	<u>\$ 39,924,359</u>

UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 346,603,273		\$ 347,614,295	
Less: scholarship allowances	<u>(46,756,990)</u>	\$ 299,846,283	<u>(43,562,115)</u>	\$ 304,052,180
Federal grants and contracts	2,144,771		1,507,110	
State and local grants and contracts	3,771,580		3,225,925	
Nongovernmental grants and contracts	1,974,240		1,706,911	
Sales and services of educational departments	426,246		380,860	
Auxiliary enterprises:				
Bookstore	4,607		7,325	
Parking facilities	780		2,987	
Other operating revenues	<u>15,340,577</u>		<u>22,040,063</u>	
Total operating revenues	<u>323,509,084</u>		<u>332,923,361</u>	
OPERATING EXPENSES				
Instruction	102,211,830		109,743,395	
Public service	14,078,366		16,730,000	
Academic support	71,693,583		58,442,676	
Student services	143,101,314		142,829,549	
Institutional support	64,907,007		72,284,472	
Operation and maintenance of plant	19,904,558		19,868,340	
Scholarships and fellowships	29,402,173		31,592,094	
Auxiliary enterprises:				
Bookstore	12,644		8,039	
Parking facilities	<u>116,411</u>		<u>113,205</u>	
Total operating expenses	<u>445,427,886</u>		<u>451,611,770</u>	
Operating loss	<u>(121,918,802)</u>		<u>(118,688,409)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	44,322,848		43,838,036	
Pell grants	49,721,856		47,146,757	
Other nonoperating grants	74,323			
Gifts	5,324	\$ 18,171,700		\$ 1,399,497
Investment income	40,600,449	361,172	7,990,330	735,251
Less: investment expense	<u>(26,251)</u>		<u>(24,229)</u>	
Other revenues, (expenses), gains and (losses)	(16,839,471)		(253,475)	
Other affiliated foundation revenues		48,981		91,523
Other affiliated foundation expenses		(1,720,828)		(1,934,483)
Transfers (to) other University System of Maryland institutions	<u>(382,895)</u>		<u>(105,899)</u>	
Total nonoperating revenues	<u>117,476,183</u>	<u>16,861,025</u>	<u>98,591,520</u>	<u>291,788</u>
Increase (decrease) in net position	<u>(4,442,619)</u>	<u>16,861,025</u>	<u>(20,096,889)</u>	<u>291,788</u>
Net position - beginning of year	<u>429,524,735</u>	<u>29,710,584</u>	<u>449,621,624</u>	<u>29,418,796</u>
Net position - end of year	<u>\$ 425,082,116</u>	<u>\$ 46,571,609</u>	<u>\$ 429,524,735</u>	<u>\$ 29,710,584</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 308,069,617	\$ 294,203,129
Research contracts and grants	4,306,410	4,876,293
Payments to employees	(259,815,596)	(229,410,454)
Payments to suppliers and contractors	(167,397,901)	(205,089,271)
Collection of loans to students	1,255,788	379,725
Auxiliary enterprises:		
Bookstores	4,607	7,325
Parking facilities	780	2,987
Other receipts (payments)	<u>(4,734,691)</u>	<u>27,856,392</u>
Net cash provided (used) by operating activities	<u>(118,310,986)</u>	<u>(107,173,874)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	44,322,848	43,838,036
Pell grants	49,721,856	47,146,757
Student direct lending payments	(171,283,169)	(177,462,507)
Student direct lending receipts	171,283,169	177,462,507
Other nonoperating grants	<u>74,323</u>	<u></u>
Net cash provided by noncapital financing activities	<u>94,119,027</u>	<u>90,984,793</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of capital assets	68,817	6,945
Purchases of capital assets	(2,638,163)	(2,046,699)
Transfers (to) other University System of Maryland institutions	<u>(821,996)</u>	<u>(399,380)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,391,342)</u>	<u>(2,439,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	35,622,066	190,144
Interest on investments	4,505,719	7,331,067
Investment expense	(26,251)	(24,229)
Purchases of investments	<u>(11,947,062)</u>	<u>(4,150,898)</u>
Net cash provided by investing activities	<u>28,154,472</u>	<u>3,346,084</u>
Net increase (decrease) in cash and cash equivalents	571,171	(15,282,131)
Cash and cash equivalents - beginning of year	<u>349,941,854</u>	<u>365,223,985</u>
Cash and cash equivalents - end of year	<u>\$ 350,513,025</u>	<u>\$ 349,941,854</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 173,506,017	\$ 685,433	\$ 166,840,854	\$ 749,457
Accounts receivable, net	18,612,700	1,632,216	13,795,772	479,300
Notes receivable, current portion, net	433,253		423,213	
Inventories	527,944		787,049	
Prepaid expenses and other	3,571,215	118,072	336,687	150,068
Inter-institutional balances	(752,953)		(894,645)	
Total current assets	<u>195,898,176</u>	<u>2,435,721</u>	<u>181,288,930</u>	<u>1,378,825</u>
Noncurrent assets				
Accounts receivable, net		5,058,798		8,077,646
Endowment investments	9,332,940	102,354,652	9,625,534	102,018,848
Other investments		36,598,516		35,620,910
Notes receivable, net	865,702		1,134,856	
Capital assets, net	647,035,618	2,473,846	651,123,910	2,606,341
Total noncurrent assets	<u>657,234,260</u>	<u>146,485,812</u>	<u>661,884,300</u>	<u>148,323,745</u>
Total assets	<u>853,132,436</u>	<u>148,921,533</u>	<u>843,173,230</u>	<u>149,702,570</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>41,790,863</u>		<u>51,510,791</u>	
Total assets and deferred outflows of resources	<u>\$ 894,923,299</u>	<u>\$ 148,921,533</u>	<u>\$ 894,684,021</u>	<u>\$ 149,702,570</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 24,857,552	\$ 127,626	\$ 20,856,467	\$ 25,212
Accrued workers' compensation, current portion	178,050		187,050	
Accrued vacation costs, current portion	9,778,550		9,006,447	
Revenue bonds and notes payable, current portion	9,902,453		9,967,753	45,900
Unearned revenues	13,276,026	5,208,884	9,991,962	5,378,520
Total current liabilities	<u>57,992,631</u>	<u>5,336,510</u>	<u>50,009,679</u>	<u>5,449,632</u>
Noncurrent liabilities				
Accrued workers' compensation	1,008,950		1,059,950	
Accrued vacation costs	7,265,951		5,282,095	
Endowments invested on behalf of primary government		9,332,940		9,625,534
Revenue bonds and notes payable	130,576,667		136,974,691	
Net pension liability	125,605,831		129,132,818	
Total noncurrent liabilities	<u>264,457,399</u>	<u>9,332,940</u>	<u>272,449,554</u>	<u>9,625,534</u>
Total liabilities	<u>322,450,030</u>	<u>14,669,450</u>	<u>322,459,233</u>	<u>15,075,166</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>38,457,839</u>		<u>37,074,220</u>	
NET POSITION				
Unrestricted	51,885,185	29,265,725	56,388,792	30,236,105
Net investment in capital assets	480,700,815		476,733,945	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474		130,474	
Expendable:				
Loans	1,298,956		1,897,357	
Net assets with donor restrictions		104,986,358		104,391,299
Total net position	<u>534,015,430</u>	<u>134,252,083</u>	<u>535,150,568</u>	<u>134,627,404</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 894,923,299</u>	<u>\$ 148,921,533</u>	<u>\$ 894,684,021</u>	<u>\$ 149,702,570</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Tuition and fees	\$ 138,442,614		\$ 135,911,368	
Less: scholarship allowances	(26,090,532)	\$ 112,352,082	(22,475,606)	\$ 113,435,762
Federal grants and contracts		43,112,944		40,441,787
State and local grants and contracts		36,198,453		36,885,094
Nongovernmental grants and contracts		13,468,526		13,686,897
Sales and services of educational departments		3,197,993		3,180,534
Auxiliary enterprises:				
Residential facilities	21,887,354		28,028,424	
Less: scholarship allowances	(3,601,157)	18,286,197	(5,381,950)	22,646,474
Dining facilities	10,544,601		14,631,201	
Less: scholarship allowances	(1,857,509)	8,687,092	(3,026,016)	11,605,185
Intercollegiate athletics		9,516,584		13,068,884
Bookstore	3,678,988		3,930,853	
Less: scholarship allowances	(3,189)	3,675,799	(878)	3,929,975
Parking facilities		1,549,188		1,065,232
Other auxiliary enterprises revenues		17,757,436		23,441,954
Other operating revenues		17,158,978		17,248,321
Total operating revenues		284,961,272		300,636,099
OPERATING EXPENSES				
Instruction		133,883,912		129,710,136
Research		68,118,895		65,860,412
Public service		21,254,673		20,563,294
Academic support		25,263,177		23,994,434
Student services		24,759,567		23,837,922
Institutional support		42,879,114		44,536,439
Operation and maintenance of plant		47,569,044		35,486,862
Scholarships and fellowships		27,850,755		27,617,585
Auxiliary enterprises:				
Residential facilities		25,939,101		23,906,489
Dining facilities		10,297,559		11,850,048
Intercollegiate athletics		11,390,325		12,053,429
Bookstore		3,791,117		4,005,548
Parking facilities		1,304,770		1,247,012
Other auxiliary enterprises expenses		17,695,504		22,286,885
Total operating expenses		461,997,513		446,956,495
Operating loss		(177,036,241)		(146,320,396)
NONOPERATING REVENUES (EXPENSES)				
State appropriations		146,608,173		131,479,316
Pell grants		15,716,042		16,360,748
Other nonoperating grants		5,349,169		
Gifts		800	\$ 6,723,614	1,860
Investment income	2,952,756		1,716,155	\$ 8,090,214
Less: investment expense	(27,014)	2,925,742	3,928,055	7,716,400
Interest on indebtedness		(4,550,700)	(30,142)	3,897,913
Other revenues, (expenses), gains and (losses)		(182,340)		(4,790,266)
Other affiliated foundation revenues			2,266,944	(325,434)
Other affiliated foundation expenses			(11,082,034)	3,030,673
Transfers (to) other University System of Maryland institutions		(4,823,358)		(11,980,297)
Total nonoperating revenues (expenses)		161,043,528	(375,321)	141,362,358
Income (loss) before other revenues		(15,992,713)	(375,321)	(4,958,038)
OTHER REVENUES				
Capital appropriations		14,857,575		60,142,488
Total other revenues		14,857,575		60,142,488
Increase (decrease) in net position		(1,135,138)	(375,321)	55,184,450
Net position - beginning of year		535,150,568	134,627,404	479,966,118
Net position - end of year		\$ 534,015,430	\$ 134,252,083	\$ 535,150,568

UNIVERSITY MARYLAND, BALTIMORE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 118,072,082	\$ 114,575,531
Research contracts and grants	88,075,479	91,948,050
Payments to employees	(275,417,605)	(260,498,019)
Payments to suppliers and contractors	(147,625,991)	(146,125,394)
Loans issued to students	(482,811)	(194,308)
Collection of loans to students	741,925	698,924
Auxiliary enterprises:		
Residential facilities	16,415,803	20,660,336
Dining facilities	8,652,314	11,508,356
Intercollegiate athletics	9,478,484	12,959,843
Bookstores	3,661,083	3,897,185
Parking facilities	1,542,986	1,056,344
Other	17,686,345	23,246,365
Other receipts	<u>20,388,376</u>	<u>20,226,576</u>
Net cash provided (used) by operating activities	<u>(138,811,530)</u>	<u>(106,040,211)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	146,608,173	131,479,316
Pell grants	15,716,042	16,360,748
Student direct lending payments	(46,554,568)	(47,267,431)
Student direct lending receipts	46,554,568	47,267,431
Other nonoperating grants	<u>3,203,983</u>	
Net cash provided by noncapital financing activities	<u>165,528,198</u>	<u>147,840,064</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	10,806,027	1,003,137
Capital appropriations	14,857,575	60,142,488
Purchases of capital assets	(22,353,690)	(70,782,857)
Principal paid on debt and capital leases	(21,832,285)	(12,398,297)
Interest paid on debt and capital leases	(5,835,229)	(5,940,155)
Transfers from other University System of Maryland institutions	<u>1,087,761</u>	<u>864,653</u>
Net cash provided (used) by capital and related financing activities	<u>(23,269,841)</u>	<u>(27,111,031)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	376,566	274,364
Interest on investments	2,868,784	3,271,129
Investment expense	<u>(27,014)</u>	<u>(30,142)</u>
Net cash provided by investing activities	<u>3,218,336</u>	<u>3,515,351</u>
Net increase in cash and cash equivalents	6,665,163	18,204,173
Cash and cash equivalents - beginning of year	<u>166,840,854</u>	<u>148,636,681</u>
Cash and cash equivalents - end of year	<u>\$ 173,506,017</u>	<u>\$ 166,840,854</u>

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 21,603,922		\$ 18,057,678	
Accounts receivable, net	3,067,192	\$ 3,308	4,864,492	\$ 7,727
Inter-institutional balances	3,058			
Total current assets	<u>24,674,172</u>	<u>3,308</u>	<u>22,922,170</u>	<u>7,727</u>
Noncurrent assets				
Endowment investments	394,426	3,409,376	407,155	3,465,854
Other investments	50,000	3,149,900		2,856,942
Capital assets, net	75,716,054	5,049	76,108,097	8,548
Total noncurrent assets	<u>76,160,480</u>	<u>6,564,325</u>	<u>76,515,252</u>	<u>6,331,344</u>
Total assets	<u>100,834,652</u>	<u>6,567,633</u>	<u>99,437,422</u>	<u>6,339,071</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>4,054,783</u>		<u>4,952,086</u>	
Total assets and deferred outflows of resources	<u>\$ 104,889,435</u>	<u>\$ 6,567,633</u>	<u>\$ 104,389,508</u>	<u>\$ 6,339,071</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,116,230		\$ 1,513,666	
Accrued workers' compensation, current portion	12,300		11,100	
Accrued vacation costs, current portion	1,783,661		1,624,596	
Revenue bonds and notes payable, current portion	814,044		689,355	
Unearned revenues	355,998		159,943	\$ 676,296
Total current liabilities	<u>4,082,233</u>		<u>3,998,660</u>	<u>676,296</u>
Noncurrent liabilities				
Accrued workers' compensation	69,700		62,900	
Accrued vacation costs	1,711,290		1,461,288	
Endowments invested on behalf of primary government		\$ 394,426		407,155
Revenue bonds and notes payable	5,887,951		5,122,150	
Net pension liability	11,424,765		11,685,609	
Total noncurrent liabilities	<u>19,093,706</u>	<u>394,426</u>	<u>18,331,947</u>	<u>407,155</u>
Total liabilities	<u>23,175,939</u>	<u>394,426</u>	<u>22,330,607</u>	<u>1,083,451</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>797,926</u>		<u>680,016</u>	
NET POSITION				
Unrestricted	11,847,170	973,018	11,007,110	1,037,286
Net investment in capital assets	69,068,400		70,363,471	
Restricted:				
Expendable:				
Capital projects			8,304	
Net assets with donor restrictions		5,200,189		4,218,334
Total net position	<u>80,915,570</u>	<u>6,173,207</u>	<u>81,378,885</u>	<u>5,255,620</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 104,889,435</u>	<u>\$ 6,567,633</u>	<u>\$ 104,389,508</u>	<u>\$ 6,339,071</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Federal grants and contracts	\$ 15,871,205		\$ 17,044,651	
State and local grants and contracts	2,612,506		2,377,656	
Nongovernmental grants and contracts	3,949,422		4,165,591	
Sales and services of educational departments	<u>2,664,944</u>		<u>3,880,436</u>	
Total operating revenues	<u>25,098,077</u>		<u>27,468,334</u>	
OPERATING EXPENSES				
Research	49,730,291		52,273,512	
Operation and maintenance of plant	<u>405,468</u>		<u>407,036</u>	
Total operating expenses	<u>50,135,759</u>		<u>52,680,548</u>	
Operating loss	<u>(25,037,682)</u>		<u>(25,212,214)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	23,615,565		22,811,755	
Other nonoperating grants	59,274			
Gifts		\$ 1,472,215		\$ 1,047,906
Investment income	323,310	47,154	385,571	416,196
Interest on indebtedness	(145,561)		(148,726)	
Other affiliated foundation revenues		1,635		17,108
Other affiliated foundation expenses		(603,417)		(1,259,859)
Transfers from other University System of Maryland institutions	<u>535,308</u>		<u>459,410</u>	
Total nonoperating revenues	<u>24,387,896</u>	<u>917,587</u>	<u>23,508,010</u>	<u>221,351</u>
Income (loss) before other revenues	<u>(649,786)</u>	<u>917,587</u>	<u>(1,704,204)</u>	<u>221,351</u>
OTHER REVENUES				
Capital appropriations	<u>186,471</u>			
Total other revenues	<u>186,471</u>			
Increase (decrease) in net position	<u>(463,315)</u>	<u>917,587</u>	<u>(1,704,204)</u>	<u>221,351</u>
Net position - beginning of year	<u>81,378,885</u>	<u>5,255,620</u>	<u>83,083,089</u>	<u>5,034,269</u>
Net position - end of year	<u>\$ 80,915,570</u>	<u>\$ 6,173,207</u>	<u>\$ 81,378,885</u>	<u>\$ 5,255,620</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Research contracts and grants	\$ 24,405,525	\$ 23,214,291
Payments to employees	(31,783,582)	(31,137,251)
Payments to suppliers and contractors	(14,686,196)	(16,048,275)
Other receipts	<u>2,852,493</u>	<u>3,910,141</u>
Net cash provided (used) by operating activities	<u>(19,211,760)</u>	<u>(20,061,094)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	23,615,565	22,811,755
Other nonoperating grants	<u>80,237</u>	<u></u>
Net cash provided by noncapital financing activities	<u>23,695,802</u>	<u>22,811,755</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	108,615	150,901
Capital appropriations	186,471	
Purchases of capital assets	(2,683,315)	(881,192)
Principal paid on debt and capital leases	(815,077)	(841,311)
Interest paid on debt and capital leases	(197,245)	(189,627)
Transfers from other University System of Maryland institutions	<u>2,192,932</u>	<u>501,867</u>
Net cash provided (used) by capital and related financing activities	<u>(1,207,619)</u>	<u>(1,259,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	319,821	374,538
Purchases of investments	<u>(50,000)</u>	<u></u>
Net cash provided by investing activities	<u>269,821</u>	<u>374,538</u>
Net increase in cash and cash equivalents	3,546,244	1,865,837
Cash and cash equivalents - beginning of year	<u>18,057,678</u>	<u>16,191,841</u>
Cash and cash equivalents - end of year	<u>\$ 21,603,922</u>	<u>\$ 18,057,678</u>

UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>		<u>2019</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 303,557,715	\$ 70,825	\$ 267,813,513	\$ 71,163
Accounts receivable, net	765,307	491,908	1,387,174	87,493
Prepaid expenses and other		84,702		250,702
Inter-institutional balances	<u>19,026,751</u>		<u>26,744,693</u>	
Total current assets	<u>323,349,773</u>	<u>647,435</u>	<u>295,945,380</u>	<u>409,358</u>
Noncurrent assets				
Restricted cash and cash equivalents	51,665,328		155,546,920	
Accounts receivable, net		81,732		294,700
Endowment investments	23,873,641	17,226,457	24,463,479	18,023,551
Other investments	468,751	120,807,668	1,421,251	116,592,434
Other assets		468,000		141,849
Capital assets, net	<u>260,622,464</u>	<u>4,333,149</u>	<u>226,457,913</u>	<u>4,337,632</u>
Total noncurrent assets	<u>336,630,184</u>	<u>142,917,006</u>	<u>407,889,563</u>	<u>139,390,166</u>
Total assets	<u>659,979,957</u>	<u>143,564,441</u>	<u>703,834,943</u>	<u>139,799,524</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>9,881,176</u>		<u>5,484,694</u>	
Total assets and deferred outflows of resources	<u>\$ 669,861,133</u>	<u>\$ 143,564,441</u>	<u>\$ 709,319,637</u>	<u>\$ 139,799,524</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 8,127,889	\$ 5,375,880	\$ 12,166,133	\$ 4,250,871
Accrued workers' compensation, current portion	7,200		10,800	
Accrued vacation costs, current portion	103,441		756,564	
Revenue bonds and notes payable, current portion	4,925,102		7,364,304	
Obligations under capital lease agreements, current portion	83,335			
Unearned revenues		<u>1,240,000</u>		<u>649,450</u>
Total current liabilities	<u>13,246,967</u>	<u>6,615,880</u>	<u>20,297,801</u>	<u>4,900,321</u>
Noncurrent liabilities				
Accrued workers' compensation	40,800		61,200	
Accrued vacation costs	2,026,204		918,782	
Endowments invested on behalf of primary government		23,873,641		24,463,479
Other payables		77,760,568		76,527,498
Revenue bonds and notes payable	53,562,435		157,911,176	
Obligations under capital lease agreements	3,985,289			
Net pension liability	<u>10,175,543</u>		<u>10,392,417</u>	
Total noncurrent liabilities	<u>69,790,271</u>	<u>101,634,209</u>	<u>169,283,575</u>	<u>100,990,977</u>
Total liabilities	<u>83,037,238</u>	<u>108,250,089</u>	<u>189,581,376</u>	<u>105,891,298</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>9,016,797</u>		<u>552,747</u>	
NET POSITION				
Unrestricted	322,513,859	3,583,278	300,760,565	4,394,979
Net investment in capital assets	245,451,104		210,865,979	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,604		347,604	
Other	471,330		471,330	
Expendable:				
Capital projects	9,023,201		6,740,036	
Net assets with donor restrictions		<u>31,731,074</u>		<u>29,513,247</u>
Total net position	<u>577,807,098</u>	<u>35,314,352</u>	<u>519,185,514</u>	<u>33,908,226</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 669,861,133</u>	<u>\$ 143,564,441</u>	<u>\$ 709,319,637</u>	<u>\$ 139,799,524</u>

UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES				
Federal grants and contracts	\$ 691,386		\$ 980,370	
Nongovernmental grants and contracts	27,308		110,331	
Other operating revenues	<u>1,578,590</u>		<u>1,379,124</u>	
Total operating revenues	<u>2,297,284</u>		<u>2,469,825</u>	
OPERATING EXPENSES				
Academic support	9,403,406		4,837,415	
Institutional support	<u>21,604,924</u>		<u>22,560,895</u>	
Total operating expenses	<u>31,008,330</u>		<u>27,398,310</u>	
Operating loss	<u>(28,711,046)</u>		<u>(24,928,485)</u>	
NONOPERATING REVENUES (EXPENSES)				
State appropriations	40,882,926		37,961,075	
Other nonoperating grants	37,436			
Gifts		\$ 2,235,890		\$ 2,491,859
Investment income	\$ 7,951,894	2,603,537	\$ 8,470,271	1,142,592
Less: investment expense	<u>(58,540)</u>	7,893,354	<u>(55,242)</u>	8,415,029
Interest on indebtedness	(5,487,280)		(7,981,645)	
Other revenues, (expenses), gains and (losses)	(1,427,595)		2,330,965	
Other affiliated foundation revenues		4,794,055		4,382,220
Other affiliated foundation expenses		(3,020,282)		(5,772,916)
Transfers from other University System of Maryland institutions	<u>13,913,684</u>		<u>28,708,711</u>	
Total nonoperating revenues	<u>55,812,525</u>	<u>1,406,126</u>	<u>69,434,135</u>	<u>2,243,755</u>
Income before other revenues	<u>27,101,479</u>	<u>1,406,126</u>	<u>44,505,650</u>	<u>2,243,755</u>
OTHER REVENUES				
Capital appropriations	31,520,105		49,019,708	
Capital gifts and grants			<u>665,184</u>	
Total other revenues	<u>31,520,105</u>		<u>49,684,892</u>	
Increase in net position	58,621,584	1,406,126	94,190,542	2,243,755
Net position - beginning of year	<u>519,185,514</u>	<u>33,908,226</u>	<u>424,994,972</u>	<u>31,664,471</u>
Net position - end of year	<u>\$ 577,807,098</u>	<u>\$ 35,314,352</u>	<u>\$ 519,185,514</u>	<u>\$ 33,908,226</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Research contracts and grants	\$ 709,555	\$ 1,178,550
Payments to employees	(16,647,335)	(15,719,314)
Payments to suppliers and contractors	(3,709,107)	(1,124,760)
Other receipts (payments)	<u>(386,171)</u>	<u>2,512,076</u>
Net cash provided (used) by operating activities	<u>(20,033,058)</u>	<u>(13,153,448)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	40,882,926	37,961,075
Other nonoperating grants	<u>322,566</u>	<u> </u>
Net cash provided by noncapital financing activities	<u>41,205,492</u>	<u>37,961,075</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	746,791	126,646,729
Capital appropriations	31,520,105	49,019,708
Purchases of capital assets	(38,167,215)	(49,784,890)
Principal paid on debt and capital leases	(6,279,454)	(4,428,550)
Interest paid on debt and capital leases	(7,181,045)	(7,287,689)
Transfers (to) other University System of Maryland institutions	<u>(79,386,370)</u>	<u>(34,874,334)</u>
Net cash provided (used) by capital and related financing activities	<u>(98,747,188)</u>	<u>79,290,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	802,149	736,546
Interest on investments	7,741,255	6,914,385
Investment expense	(58,540)	(55,242)
Purchases of investments	<u>952,500</u>	<u>(1,025,001)</u>
Net cash provided by investing activities	<u>9,437,364</u>	<u>6,570,688</u>
Net increase (decrease) in cash and cash equivalents	(68,137,390)	110,669,289
Cash and cash equivalents - beginning of year	<u>423,360,433</u>	<u>312,691,144</u>
Cash and cash equivalents - end of year	<u>\$ 355,223,043</u>	<u>\$ 423,360,433</u>

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UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF FINANCIAL POSITION, NONMAJOR COMPONENT UNITS
JUNE 30, 2020

	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
ASSETS								
Current Assets								
Cash	\$ 1,845,397	\$ 1,745,618	\$ 377,423	\$ 3,825,682	\$ 11,965,124	\$ 1,832,380	\$ 685,433	\$ 22,277,057
Accounts receivable, net	94,139	94,139	82,630	674,448	24,683	4,241,959	259,421	5,377,280
Other assets		308,027	19,626	143,066		28,784	100,024	599,527
Total current assets	1,845,397	2,147,784	479,679	4,643,196	11,989,807	6,103,123	1,044,878	28,253,864
Investments								
Endowment investments	8,872,726	81,955,775	24,146,864	8,622,460	50,278,865	68,611,809		242,488,499
Other investments			3,799,934		6,388,563	3,970,531	11,098,152	25,257,180
Total investments	8,872,726	81,955,775	27,946,798	8,622,460	56,667,428	72,582,340	11,098,152	267,745,679
Noncurrent assets								
Accounts receivable, net	450,176	2,343,785	1,148,075		4,845,744	2,003,677		10,791,457
Capital assets, net		993	33,000	169,700	593,344	164,566	2,473,846	3,433,449
Other assets			380,271		61,084	2,129,014		2,570,369
Total noncurrent assets	450,176	2,344,778	1,561,346	169,700	5,500,172	4,297,257	2,473,846	16,797,275
Total assets	\$ 11,168,299	\$ 86,448,337	\$ 29,987,823	\$ 13,435,356	\$ 74,157,407	\$ 82,982,720	\$ 14,616,876	\$ 312,796,818
LIABILITIES								
Current liabilities								
Accounts payable & accrued expenses	\$ 347,534	\$ 773,653	\$ 22,249	\$ 115,491	\$ 407,936	\$	\$ 128,126	\$ 1,794,989
Long-term debt, current						\$ 1,857,286		1,857,286
Unearned revenues			220		707,099	22,788	5,208,884	5,938,991
Total current liabilities	347,534	773,653	22,469	115,491	1,115,035	1,880,074	5,337,010	9,591,266
Noncurrent liabilities								
Other payables			44,923	144,233		1,700,144		1,889,300
Total noncurrent liabilities			44,923	144,233		1,700,144		1,889,300
Total liabilities	347,534	773,653	67,392	259,724	1,115,035	3,580,218	5,337,010	11,480,566
NET ASSETS								
Without donor restrictions	623,309	3,450,755	2,498,857	347,188	7,260,218	7,690,048	9,279,866	31,150,241
With donor restrictions	10,197,456	82,223,929	27,421,574	12,828,444	65,782,154	71,712,454		270,166,011
Total net assets	10,820,765	85,674,684	29,920,431	13,175,632	73,042,372	79,402,502	9,279,866	301,316,252
Total liabilities and net assets	\$ 11,168,299	\$ 86,448,337	\$ 29,987,823	\$ 13,435,356	\$ 74,157,407	\$ 82,982,720	\$ 14,616,876	\$ 312,796,818

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UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF FINANCIAL POSITION, NONMAJOR COMPONENT UNITS
JUNE 30, 2019

	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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	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.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
ASSETS																	
Current Assets																	
Cash	\$ 3,003,176	\$ 42,207	\$ 1,950,783	\$ 33,978	\$ 1,113,875	\$ 3,799,308	\$ 185,750	\$ 235,938	\$ 362,376	\$ 3,138,127	\$ 9,853,058	\$ 1,508,712	\$ 122,806	\$ 409,644	\$ 106,824	\$ 749,457	\$ 26,616,019
Accounts receivable, net			272,815			122,672	306,216		99,751	563,482	38,719	4,415,785	274,840	28,797	376,681	78,250	6,578,008
Other assets	207,496	25,000	5,975			346,888	18,738		25,935	14,730		28,421	38,554	31,090		133,020	875,847
Total current assets	3,210,672	67,207	2,229,573	33,978	1,113,875	4,268,868	510,704	235,938	488,062	3,716,339	9,891,777	5,952,918	436,200	469,531	483,505	960,727	34,069,874
Investments																	
Endowment investments	658	2,856,861			9,075,401	79,132,031			24,257,729	9,072,047	49,877,557	69,152,798	46,292	5,442,815			248,914,189
Other investments			7,268,757				23,215		3,952,429		7,813,848	4,303,595				10,617,109	33,978,953
Total investments	658	2,856,861	7,268,757		9,075,401	79,132,031	23,215		28,210,158	9,072,047	57,691,405	73,456,393	46,292	5,442,815		10,617,109	282,893,142
Noncurrent assets																	
Accounts receivable, net					904,672	3,148,504			1,072,123		3,700,707	2,890,136					11,716,142
Capital assets, net						2,341		10,503,898	33,023	30,100	615,176	5,968,834	99,666	49,778		2,606,341	19,909,157
Other assets								38,191	366,474		52,911	2,132,764	55,995				2,646,335
Total noncurrent assets					904,672	3,150,845		10,542,089	1,471,620	30,100	4,368,794	10,991,734	155,661	49,778		2,606,341	34,271,634
Total assets	\$ 3,211,330	\$ 2,924,068	\$ 9,498,330	\$ 33,978	\$ 11,093,948	\$ 86,551,744	\$ 533,919	\$ 10,778,027	\$ 30,169,840	\$ 12,818,486	\$ 71,951,976	\$ 90,401,045	\$ 638,153	\$ 5,962,124	\$ 483,505	\$ 14,184,177	\$ 351,234,650
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$ 12,982	\$ 24,857	\$ 861,624		\$ 565,620	\$ 1,443,669	\$ 168,649	\$ 565,617	\$ 30,708	\$ 63,999	\$ 448,597	\$ 845	\$ 331,869	\$ 193,639	\$ 220,594	\$ 11,752	\$ 4,945,021
Long-term debt, current							185,687					2,152,482	311,012			45,900	2,695,081
Unearned revenues							99,288		55,690		913,808	125,531	11,348		156,850	5,281,221	6,643,736
Total current liabilities	12,982	24,857	861,624		565,620	1,443,669	168,649	850,592	86,398	63,999	1,362,405	2,278,858	654,229	193,639	377,444	5,338,873	14,283,838
Noncurrent liabilities																	
Other payables												1,948,875	62,906				2,016,685
Long-term debt, noncurrent								12,380,967		4,904		4,833,345	266,043				17,480,355
Total noncurrent liabilities								12,380,967		4,904		6,782,220	328,949				19,497,040
Total liabilities	12,982	24,857	861,624		565,620	1,443,669	168,649	13,231,559	86,398	68,903	1,362,405	9,061,078	983,178	193,639	377,444	5,338,873	33,780,878
NET ASSETS																	
Without donor restrictions	2,697,188	2,899,211	8,636,706	\$ 8,978	617,975	3,352,669	340,270	(2,453,532)	2,454,425	232,153	7,216,201	8,449,461	(373,667)	3,042,668	106,061	8,845,304	46,072,071
With donor restrictions	501,160			25,000	9,910,353	81,755,406	25,000		27,629,017	12,517,430	63,373,370	72,890,506	28,642	2,725,817		271,381,701	
Total net assets	3,198,348	2,899,211	8,636,706	33,978	10,528,328	85,108,075	365,270	(2,453,532)	30,083,442	12,749,583	70,589,571	81,339,967	(345,025)	5,768,485	106,061	8,845,304	317,453,772
Total liabilities and net assets	\$ 3,211,330	\$ 2,924,068	\$ 9,498,330	\$ 33,978	\$ 11,093,948	\$ 86,551,744	\$ 533,919	\$ 10,778,027	\$ 30,169,840	\$ 12,818,486	\$ 71,951,976	\$ 90,401,045	\$ 638,153	\$ 5,962,124	\$ 483,505	\$ 14,184,177	\$ 351,234,650

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UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2020

	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	University of Maryland Baltimore County Research Park, Inc.	Component Units No Longer Reported	Total Nonmajor Component Units
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS									
Revenues									
Contributions & grants		\$ 381,114	\$ 175,596	\$ 70,487	\$ 109,809	\$ 159,971	\$ 192,973		\$ 1,089,950
Investment income	\$ 5,021	567,632	41,588	5,845	189,263	141,421	294,971		1,245,741
Other income	119,245	782	25,344	141,934	4,436	1,122,909	1,802,244		3,216,894
Assets released from restrictions	1,155,900	5,777,868	2,206,018	1,089,484	3,800,572	3,485,406			17,515,248
Total revenues	1,280,166	6,727,396	2,448,546	1,307,750	4,104,080	4,909,707	2,290,188		23,067,833
Expenses									
Program	1,029,516	5,258,183	2,061,522	1,088,913	3,194,831	3,416,904	501,851		16,551,720
General & administrative	219,128	659,826	342,592	101,024	605,337	2,018,396	185,240		4,131,543
Fundraising	26,188	711,301		2,778	259,895	233,820			1,233,962
Other expense							1,168,535		1,168,535
Total expenses	1,274,832	6,629,310	2,404,114	1,192,715	4,060,063	5,669,120	1,855,626		23,085,780
Change in net assets without donor restrictions	5,334	98,086	44,432	115,035	44,017	(759,413)	434,562		(17,947)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS									
Contributions & grants	1,276,430	3,297,966	1,437,233	1,175,591	5,272,377	4,102,025			16,561,622
Investment income	59,243	1,972,188	232,996	109,519	878,653	(1,888,878)			1,363,721
Other income	107,330	976,237	328,346	115,388	58,326	94,207			1,679,834
Assets released from restrictions	(1,155,900)	(5,777,868)	(2,206,018)	(1,089,484)	(3,800,572)	(3,485,406)			(17,515,248)
Change in net assets with donor restrictions	287,103	468,523	(207,443)	311,014	2,408,784	(1,178,052)			2,089,929
Total change in net assets	292,437	566,609	(163,011)	426,049	2,452,801	(1,937,465)	434,562		2,071,982
Net assets - beginning of year	10,528,328	85,108,075	30,083,442	12,749,583	70,589,571	81,339,967	8,845,304	\$ 18,209,502	317,453,772
Change in reporting entity								(18,209,502)	(18,209,502)
Net assets - end of year	\$ 10,820,765	\$ 85,674,684	\$ 29,920,431	\$ 13,175,632	\$ 73,042,372	\$ 79,402,502	\$ 9,279,866		\$ 301,316,252

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Committee on Audit - Open Session

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2019

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation of the 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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	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.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS																	
Revenues																	
Contributions & grants	\$ 1,035,295	\$ 34,413		\$ 22,192		\$ 364,529	\$ 1,788,117		\$ 1,685,123	\$ 56,855	\$ 181,191	\$ 683,257	\$ 1,031,221	\$ 41,174	\$ 815,852	\$ 255,741	\$ 7,994,960
Investment income	45,072	191,704	\$ 470,104	286	\$ 50,013	610,388	2,226		117,951	1,734	426,851	123,090	110,704	2,929		499,946	2,652,998
Other income (loss)	283,007	(15,776)	2,586,052		108,862	23	969,778	\$ 1,076,628	26,798	151,592	3,924	987,142	336,700	383,543	1,089	1,811,933	8,711,295
Assets released from restrictions	619,901			124,600	546,896	5,922,279	25,000		2,297,359	1,070,674	4,508,212	4,741,596		552,886			20,409,403
Total revenues	1,983,275	210,341	3,056,156	147,078	705,771	6,897,219	2,785,121	1,076,628	4,127,231	1,280,855	5,120,178	6,535,085	1,478,625	980,532	816,941	2,567,620	39,768,656
Expenses																	
Program	1,197,342	67,472	1,224,659	228,928	418,345	5,344,486	1,320,482	1,401,799	2,113,488	1,052,407	3,643,488	5,179,596	1,183,007	747,540	631,570	660,142	26,414,751
General & administrative	224,871	67,383	966,455	2,806	132,930	644,112	444,444	137,461	401,030	160,528	540,443	1,286,224	245,639	211,640	352	109,669	5,575,987
Fundraising	274,395				171,715	687,234	1,170,781			20,604	225,130	220,527	94,463	46,505			2,911,354
Other expense			253,417					365,534					168,480			1,119,399	1,906,830
Total expenses	1,696,608	134,855	2,444,531	231,734	722,990	6,675,832	2,935,707	1,904,794	2,514,518	1,233,539	4,409,061	6,686,347	1,691,589	1,005,685	631,922	1,889,210	36,808,922
Change in net assets without donor restrictions	286,667	75,486	611,625	(84,656)	(17,219)	221,387	(150,586)	(828,166)	1,612,713	47,316	711,117	(151,262)	(212,964)	(25,153)	185,019	678,410	2,959,734
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS																	
Contributions & grants	715,108			52,750	1,175,305	5,876,816	25,000		1,564,812	1,101,609	2,264,269	4,850,914	126,414	289,669			18,042,666
Investment income					428,906	3,882,072			1,465,449	604,678	2,965,347	1,567,096		265,486			11,179,034
Other income					194,756	1,009,285			366,089	147,713	178,085	109,860					2,005,788
Assets released from restrictions	(619,901)			(124,600)	(546,896)	(5,922,279)	(25,000)		(2,297,359)	(1,070,674)	(4,508,212)	(4,741,596)		(552,886)			(20,409,403)
Change in net assets with donor restrictions	95,207			(71,850)	1,252,071	4,845,894			1,098,991	783,326	899,489	1,786,274	126,414	2,269			10,818,085
Total change in net assets	381,874	75,486	611,625	(156,506)	1,234,852	5,067,281	(150,586)	(828,166)	2,711,704	830,642	1,610,606	1,635,012	(86,550)	(22,884)	185,019	678,410	13,777,819
Net assets - beginning of year	2,816,474	2,823,725	8,025,081	190,484	9,293,476	80,040,794	515,856	(1,625,366)	27,371,738	11,918,941	68,978,965	79,704,955	(258,475)	5,791,369	(78,958)	8,166,894	303,675,953
Net assets - end of year	\$ 3,198,348	\$ 2,899,211	\$ 8,636,706	\$ 33,978	\$ 10,528,328	\$ 85,108,075	\$ 365,270	\$ (2,453,532)	\$ 30,083,442	\$ 12,749,583	\$ 70,589,571	\$ 81,339,967	\$ (345,025)	\$ 5,768,485	\$ 106,061	\$ 8,845,304	\$ 317,453,772

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UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2020 AND 2019**

ACCOUNTING AND REPORTING PRACTICES

Supplementary data reporting units

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

Facilities maintenance expenses

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

System-wide financing arrangements

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

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

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
 STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Regents
 University System of Maryland
 Adelphi, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the University System of Maryland (the System), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 4, 2020. Our report includes a reference to other auditors who audited the financial statements of the University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., the University of Maryland Baltimore Foundation, 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 University of Maryland Baltimore County Research Park Corporation, Inc. and UMUC Ventures, Inc. and Subsidiaries, as described in our report on the University System of Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., the University of Maryland Baltimore Foundation, 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 University of Maryland Baltimore County Research Park Corporation, Inc. and UMUC Ventures, Inc. and Subsidiaries were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Board of Regents
University System of Maryland

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Baltimore, Maryland
December 4, 2020

MARYLAND HIGHER EDUCATION COMMISSION
ALL INSTITUTIONS' – AGREED UPON PROCEDURES REPORTS
2019 FALL SEMESTER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bowie State University and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by Bowie State University (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 6,171 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

Bowie State University and
Maryland Higher Education Commission
Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University's 793 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University and the Commission and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Coppin State University and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by Coppin State University (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 55 students from the University's 2,724 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 4.2% for attributes 1, 2, and 3.

Coppin State University and
Maryland Higher Education Commission
Page 2

B. First-Time, Full-Time Students:


We randomly selected 32 students from the University's 421 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University and the Commission and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Frostburg State University and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by Frostburg State University (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 55 students from the University's 5,178 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 4.2% for attributes 1, 2, and 3.

Frostburg State University and
Maryland Higher Education Commission
Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University's 730 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University and the Commission and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Salisbury University and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by Salisbury University (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 8,617 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

Salisbury University and
Maryland Higher Education Commission
Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University's 1,445 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University and the Commission and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Towson University and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by Towson University (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 22,709 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

Towson University and
Maryland Higher Education Commission
Page 2

B. First-Time, Full-Time Students:


We randomly selected 32 students from the University's 2,711 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University and the Commission and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

University of Baltimore and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by University of Baltimore (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 4,476 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

University of Baltimore and
 Maryland Higher Education Commission
 Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University's 40 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the University and the Commission and is not intended to be and should not be used by anyone other than the specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
 November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

University of Maryland, Baltimore and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by University of Maryland, Baltimore (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 6,827 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

University of Maryland, Baltimore and
Maryland Higher Education Commission
Page 2

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A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

University of Maryland, Baltimore County and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by University of Maryland, Baltimore County (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 13,602 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

University of Maryland, Baltimore County and
 Maryland Higher Education Commission
 Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University’s 1,595 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student’s information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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CliftonLarsonAllen LLP

Baltimore, Maryland
 November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

University of Maryland College Park and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by University of Maryland College Park (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 40,743 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

University of Maryland College Park and
Maryland Higher Education Commission
Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University's 4,613 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

University of Maryland Eastern Shore and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by University of Maryland Eastern Shore (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 55 students from the University's 2,886 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	9
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	1

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 26.7% for attributes 1, 2, and 3.

University of Maryland Eastern Shore and
Maryland Higher Education Commission
Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University's 506 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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CliftonLarsonAllen LLP

Baltimore, Maryland
November 2, 2020



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

University of Maryland, Global Campus and the Maryland Higher Education Commission
Baltimore, Maryland

We have performed the procedures enumerated below, which were agreed to by University of Maryland, Global Campus (the University) and Maryland Higher Education Commission (the Commission) (the specified parties), on evaluating certain student enrollment data for the University submitted to the Commission through the Enrollment Information System Reports for the 2019 Fall Semester (the Reports). The University's management is responsible for the information contained in the reports. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are as follows:

A. Total Registered Students:

We randomly selected 32 students from the University's 58,281 total registered students reported in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
1. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
2. Race Category	Race as entered on the student's application for admission	0
3. Tuition status category	Residency as entered on the student's application for admission or included on the student's billing record	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 1, 2, and 3.

University of Maryland, Global Campus and
 Maryland Higher Education Commission
 Page 2

B. First-Time, Full-Time Students:

We randomly selected 32 students from the University's 175 first-time, full-time students report in the Reports. For those students selected, we compared information submitted in the Reports to supporting evidence maintained at the University with respect to the following attributes:

Attribute	Evidence	Fall 2019 Exceptions
4. Actual enrollment as of the institutional freeze date	Existence of a billing record, registration form, transcript or class schedule	0
5. First-time, full-time status	Date of high school graduation, educational history and other data contained in the student's information file	0

We compared the results of the sampling procedures to published attribute sampling tables for the above population size, sample size and number of errors, and noted that the tables indicate these results would provide 90% confidence that the maximum error rate in the population does not exceed 7.4% for attributes 4 and 5.

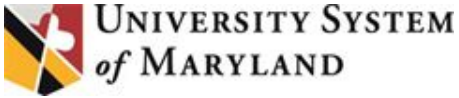
This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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CliftonLarsonAllen LLP

Baltimore, Maryland
 November 2, 2020



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Update of Office of Legislative Audit Activity

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 14, 2020

Since the Committee's October 2020 meeting, the Office of Legislative Audits (OLA) has not published any reports of USM institutions:

OLA Engagements Currently Active:

- University of Maryland College Park;
- Bowie State University; and
- The University of Baltimore.

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: None DATE:

BOARD ACTION: None DATE:

SUBMITTED BY: David Mosca



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR **DISCUSSION**

TOPIC: Follow up of Action Items from Prior Audit Committee Meetings

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 14, 2020

SUMMARY:

See Attachment: Listing of Action Items From 2018 – 2020 Audit Committee Meetings.

FISCAL IMPACT: none

CHANCELLOR'S RECOMMENDATION: none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

DATE:

SUBMITTED BY: David Mosca

USM Board of Regents
 Action Items From 2019 - 2020 Audit Committee Meetings
 14-Dec-20

Action ItemStatus**From October 2020 Audit Committee Meeting**

1.	Submit modifications to the Audit Committee Charter that were approved by the Audit Committee to the full Board for approval.	Completed at November 2020 Board Meeting
2.	Submit the report on results of internal audits review of financial disclosures completed by the Presidents, Chancellor and Regents to the full Board.	Completed at November 2020 Board Meeting
3.	In next closed session, UMB should provide an update on the status of an investigation.	Completed at November 2020 Board Meeting
4.	Develop NIST standards compliance scorecards.	In process.
5.	Include requirements for written agreements which need to be renewed periodically in the Foundation Policy revisions.	Will be included with the proposed policy revisions submitted for the March 2020 Committee Meeting.

From March 2020 Audit Committee Meeting

1.	Establish update process to monitor progress of correcting A133 Repeated Audit Findings - CSU and UMES	Update included in June 3, 2020 meeting.
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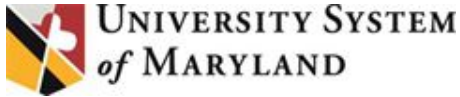
From December 2019 Audit Committee Meeting

1.	Include a footnote to provide clarity of "Other Expense" line item in Combining Statement of Activities	Will be included with FYE 2020 financial reporting. Audit Committee's December 2020 meeting.
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From October 2019 Audit Committee Meeting

1.	Include ongoing discussion of Foundation Policy Development and Oversight at each FY 2020 Audit Committee meeting. Get Presidents' input.	First update included with Audit Committee's 12/18/2019 meeting. Second in March meeting. Postponed in June 2020 meeting. Update in October 2020 meeting included commitment so presenting proposed policies at the March 2021 Audit Committee meeting.
2.	Universities shall submit their ERM plan of implementation to the Audit Committee and annually produce risk dashboards. Contact UMB's Department of Health as a resource for implementing ERM. Internal Audit should audit implementation of ERM.	Plan's are due in the Spring of 2020 and implementation by July 2021. Internal Audit will incorporate ERM implementation audits in 2021. Audit Committee will be regularly updated.
3.	Invite internal audit staff to future meetings.	To be completed at December 2020 meeting.

Note: Action items concluded prior to the October 2020 BOR Audit Committee meetings are not included in this schedule.



BOARD OF REGENTS

SUMMARY OF ITEM FOR **ACTION**,
INFORMATION OR DISCUSSION

TOPIC: Convening Closed Session

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: December 14, 2020

SUMMARY:

The Open Meetings Act permits public bodies to close their meetings to the public in circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Committee on Audit will now vote to reconvene in closed session. The agenda for the public meeting today includes a written statement with a citation of the legal authority and reasons for closing the meeting and a listing of the topics to be discussed. The statement has been provided to the regents, it is posted on the USM’s website and copies are available here today.

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact.

CHANCELLOR’S RECOMMENDATION: The Chancellor recommends that the BOR Audit Committee vote to reconvene in closed session.

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE: 6-3-2020

SUBMITTED BY: David Mosca, 443.367.0035, dmosca@usmd.edu



STATEMENT REGARDING CLOSING A MEETING
OF THE USM BOARD OF REGENTS

Date: December 14, 2020
Time: Approximately 11:00 AM
Location: Zoom

STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

- (1) To discuss:
 - [] (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - [] (ii) Any other personnel matter that affects one or more specific individuals.
- (2) [] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
- (3) [] To consider the acquisition of real property for a public purpose and matters directly related thereto.
- (4) [] To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
- (5) [] To consider the investment of public funds.
- (6) [] To consider the marketing of public securities.
- (7) [] To consult with counsel to obtain legal advice on a legal matter.
- (8) [] To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9) [] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.

- (10) To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
- (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) To prepare, administer or grade a scholastic, licensing, or qualifying examination.
- (12) To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.
- (15) To discuss cybersecurity, if the public body determines that public discussion would constitute a risk to: (i) security assessments or deployments relating to information resources technology; (ii) network security information, including information that is: 1. Related to passwords, personal identification numbers, access codes, encryption, or other components of the security system of a governmental entity; 2. Collected, assembled, or maintained by or for a governmental entity to prevent, detect, or investigate criminal activity; or 3. Related to an assessment, made by or for a governmental entity or maintained by a governmental entity, of the vulnerability of a network to criminal activity; or (iii) deployments or implementation of security personnel, critical infrastructure, or security devices.

Md. Code, General Provisions Article §3-103(a)(1)(i):

- Administrative Matters

TOPICS TO BE DISCUSSED:

IT security matters that pose vulnerabilities, Legislative audit matters that are ongoing and, therefore, confidential; discussion of investigative matters which may lead to criminal prosecution or legal action; calendar year 2020 internal audit plan of activity; and the committee meeting separately with the independent auditors and the director of internal audit.

REASON FOR CLOSING:

- 1) To maintain confidentiality of USM's cybersecurity that would constitute a risk vulnerability of networks, critical IT infrastructure and information resources. (§3-305(b)(15));
- 2) To maintain confidentiality of discussions of ongoing investigations by the USM Office of Internal Audit's and outside agencies, which potentially could result in criminal prosecutions (§3-305(b)(12));
- 3) To maintain the confidentiality of matters involved in ongoing legislative audits, as required by Section 2-1226 of the State Government Article of the Annotated Code of Maryland (§3-305(b)(13));
- 4) To carry out an administrative function: discussion of calendar year 2020 audit plan and proposed calendar year 2021 audit plan of activity by the USM Office of Internal Audit (§ 3-103(a)(1)(i); and
- 5) To carry out an administrative function: the Committee's separate meetings with the independent auditors and the Director of Internal Audit (§3-103(a)(1)(i)).