



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

**December 13, 2021**

1. [Information & Discussion – USM Audited Financial Statements](#) Ms. Denson  
Ms. Herbst  
Mr. Page
    - Key Points Associated with FY 2021 Financial Statements
    - Financial Snapshot
    - Financial Dashboards
    - Affiliated Foundation Compliance Checklist
  
  2. [Information and Discussion – FY 2021 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
  
  3. [Information and Discussion – Update from Enterprise Risk and Crisis Management Work Group](#) Mr. Pope
  
  4. [Information – Completed Office of Legislative Audit Activity](#) Mr. Mosca
  
  5. [Information & Discussion – Internal Audit’s Quality Assessment Report](#) Mr. Mosca
  
  6. [Information & Discussion - Follow up of Action Items from Prior Meetings](#) Mr. Mosca
  
  7. [Approval - Convene to Closed Session](#) Ms. Fish
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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, 2021

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** December 13, 2021

**SUMMARY:**

This item includes the following:

**University System of Maryland audited financial statements for the year ended June 30, 2021:** 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, 2021 and 2020. 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.

**Affiliated Foundation Compliance Checklist:** The University System of Maryland recognizes 18 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

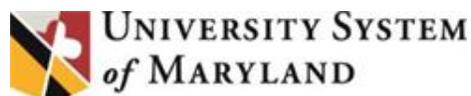
COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca



**Review of Financial Statements  
Years ended June 30, 2021 and 2020**

**Key points associated with FY 2021 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 2021 BOR Audit Committee meeting. Those preliminary statements reflected a decline in unrestricted net position of \$32M. The audited financial statements provided for this meeting report a decline in unrestricted net position of \$24M.

For the second year, 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.

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).

**2. Financial Snapshot (Attachment A):**

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 206% at June 30, 2021 compared to 218% at June 30, 2020. This increase is largely due to the and the 27.2% rate of return earned on investments by the USMF for FY21.

Adjusting for Board-approved commitments and authorizations to spend not yet reflected in the financial statements, FY21 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 127% in FY20 to 136% in FY21.

3. **Financial Dashboards** (Attachment B):

- 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.

4. **Affiliated Foundation Compliance Checklist** (Attachment C)

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.

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

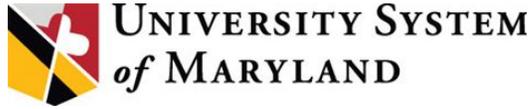
*Should the foundation not submit the required reports within the required time period, the Chancellor and the responsible official shall issue a joint warning to the foundation. Should the foundation not demonstrate satisfactory progress toward immediate compliance, the Board of Regents may revoke its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



Financial Snapshot  
As of June 30, 2021 Compared with 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>From the June 30, 2021 and 2020 audited financial statements</b>		
USM unrestricted net position	\$ 1,187,863,054	\$ 1,212,195,784
Net pension liability and deferred balances	1,100,211,496	995,302,763
USM accrued leave	305,786,412	275,128,227
Affiliated foundations unrestricted net assets	<u>203,823,948</u>	<u>139,171,213</u>
<b>Available funds</b>	<u>\$ 2,797,684,910</u>	<u>\$ 2,621,797,987</u>
<b>Debt outstanding</b>	\$ 1,357,226,192	\$ 1,201,649,768
<b>Ratio of available resources to debt outstanding per financial statements</b>	<b>206%</b>	<b>218%</b>
<b>Claims against the June 30 available resources not reflected in financial statements:</b>		
Available funds per financial statements	\$ 2,797,684,910	\$ 2,621,797,987
Cash-funded capital projects not fully spent at June 30,	(215,994,358)	(242,236,277)
Future years cash-funded capital projects committed but not yet authorized	(275,836,258)	(358,621,000)
Noncapital cash-funded projects not yet authorized	<u>(88,618,761)</u>	<u>(44,474,515)</u>
<b>Adjusted available funds</b>	<u>\$ 2,217,235,533</u>	<u>\$ 1,976,466,195</u>
Debt outstanding per financial statements	\$ 1,357,226,192	\$ 1,201,649,768
Revenue bond-funded projects authorized but debt not yet issued	<u>276,532,257</u>	<u>352,751,640</u>
<b>Adjusted total debt outstanding</b>	<u>\$ 1,633,758,449</u>	<u>\$ 1,554,401,408</u>
<b>Ratio of available resources to debt outstanding, adjusted</b>	<b>136%</b>	<b>127%</b>

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



University System of Maryland Financial Dashboard Indicators - for the year ended and as of June 30, 2021

Is performance **ADEQUATE** on the Dashboard Indicators

● Meets or exceeds benchmark

● Does not meet benchmark

	#	Indicator	System Wide Changes	System Wide													
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES		
Financial Strength Indicators	60	Ratio of unrestricted net position to debt (>50%)	169.8%	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	61	Primary reserve ratio (>25%)	44.5%	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	62	Ratio of current assets to current liabilities (>200%)	314.4%	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Operational Performance Indicators	63	Student accounts receivable collection rate (<1%)	0.6%	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	64	Net operating revenues ratio (>1%)	2.3%	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	65	Ratio of debt service payments to operating spending (<4.5%)	0.1%	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	66	Met fund balance goal for FY 2021		●	●	●	●	●	●	●	●	●	●	●	●	●	●
	<b>FY21 Meets benchmark</b>		7	7	6	5	3	6	5	7	6	6	6	7			
	<b>FY21 Does not meet benchmark</b>		0	0	1	2	4	1	2	0	1	1	1	0			
	<b>FY20 Meets benchmark</b>		6	6	6	5	2	4	3	5	5	6	7	7			
	<b>FY20 Does not meet benchmark</b>		1	1	1	2	5	3	4	2	2	1	0	0			

Is performance **IMPROVING** on the Dashboard Indicators

As compared to PY, ratio: ↑ Improved

↔ Maintained

↓ Worsened

	#	Indicator	System Wide Changes	System Wide												
				UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	
Financial Strength Indicators	60	Ratio of unrestricted net position to debt	-15.8%	↑	↓	↑	↓	↑	↑	↑	↑	↑	N/A	↓	↑	
	61	Primary reserve ratio	1.0%	↑	↑	↓	↓	↑	↑	↑	↑	↑	↑	↓	↑	
	62	Ratio of current assets to current liabilities	-9.7%	↑	↑	↓	↓	↑	↓	↑	↑	↑	↑	↓	↓	
Operational Performance Indicators	63	Student accounts receivable collection rate	0.0%	↓	↓	↓	↑	↓	↓	↑	↑	↓	↑	↓	N/A	
	64	Net operating revenues ratio	1.8%	↑	↑	↑	↓	↑	↑	↑	↑	↑	↑	↓	↑	
	65	Ratio of debt service payments to operating spending	2.7%	↑	↓	↑	↓	↑	↑	↑	↓	↑	↔	↓	↑	
Enrollment Performance Indicators	67	Net tuition per FTE	0.1%	↓	↓	↓	↑	↓	↑	↑	↑	↑	↑	↓	N/A	
	68	Net tuition dependency ratio	-0.6%	↑	↓	↑	↓	↑	↑	↑	↑	↑	↓	↓	N/A	
	<b>FY21 Has improved or maintained</b>		6	3	4	2	6	6	8	7	7	6	0	4		
	<b>FY21 Has not improved</b>		2	5	4	6	2	2	0	1	1	1	8	1		
	<b>Overall trend since PY</b>		↑	↓	↔	↓	↑	↑	↑	↑	↑	↑	↓	↑		
	<b>FY20 Has improved or maintained</b>		5	2	3	1	6	2	5	7	4	5	3	3		
	<b>FY20 Has not improved</b>		3	6	5	7	2	6	3	1	4	3	5	2		

**University System of Maryland  
Financial Performance Dashboard Indicators  
Year ended June 30, 2021**

(% indicates change from prior year)

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	Total USM
<b><u>Financial strength indicators</u></b>													
Ratio of unrestricted net position to debt	67.23%	-36.96%	7.67%	-11.05%	9.19%	8.49%	21.35%	120.09%	19.55%	N/A	-15.99%	75.57%	-15.80%
Primary reserve ratio	1.60%	2.38%	-6.95%	-6.53%	2.87%	2.54%	4.98%	7.76%	2.55%	0.59%	-0.65%	2.33%	1.00%
Ratio of current assets to current liabilities	3.39%	5.82%	-43.84%	-95.65%	24.37%	-5.92%	44.67%	46.16%	48.80%	20.57%	-31.17%	-9.31%	-9.70%
<b><u>Operational performance indicators</u></b>													
Student accounts receivable collection rate	0.03%	0.01%	0.30%	-0.01%	0.04%	0.05%	-0.12%	-0.21%	0.07%	-0.16%	0.01%	N/A	-0.02%
Net operating revenues ratio	2.91%	5.50%	8.78%	-14.40%	2.97%	17.13%	6.66%	4.52%	4.76%	-1.15%	-4.53%	1.12%	1.82%
Ratio of debt service payments to operating spending	0.03%	-0.25%	-0.32%	-1.07%	0.85%	-0.69%	0.11%	-0.14%	0.07%	0.00%	-0.29%	-0.32%	2.75%
Met fund balance goal for FY 2021	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	N/A
<b><u>Enrollment performance indicators</u></b>													
Net tuition per FTE	-4.5%	-5.8%	-3.5%	4.0%	-5.0%	8.0%	10.6%	9.0%	4.5%	3.9%	-1.9%	N/A	0.1%
Net tuition dependency ratio	0.9%	-1.6%	3.9%	-12.6%	7.5%	7.5%	9.2%	1.6%	1.4%	-2.7%	-7.3%	N/A	-0.6%

*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, 2021**  
**(in thousands)**

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	Total USM
<b>Financial Strength indicators</b>													
<b>Ratio of unrestricted net assets to debt: &gt;50%</b>													
<b>Fiscal year ended June 30, 2021</b>													
Unrestricted net position (adjusted for pension liab)	348,846	605,266	80,242	214,132	(5,061)	32,236	16,650	36,015	115,338	344,323	141,426	21,873	2,288,075
Debt outstanding (including loss on refunding)	68,235	429,907	35,750	372,949	14,771	55,560	30,704	10,840	77,587	-	156,423	5,795	1,347,729
<b>Ratio</b>	<b>511.24%</b>	<b>140.79%</b>	<b>224.45%</b>	<b>57.42%</b>	<b>-34.26%</b>	<b>58.02%</b>	<b>54.23%</b>	<b>332.24%</b>	<b>148.66%</b>	<b>N/A</b>	<b>90.41%</b>	<b>377.45%</b>	<b>169.77%</b>
<b>Fiscal year ended June 30, 2020</b>													
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
<b>Ratio</b>	<b>444.02%</b>	<b>177.75%</b>	<b>216.78%</b>	<b>68.46%</b>	<b>-43.45%</b>	<b>49.53%</b>	<b>32.88%</b>	<b>212.15%</b>	<b>129.10%</b>	<b>N/A</b>	<b>106.40%</b>	<b>301.88%</b>	<b>185.58%</b>
<b>Fiscal year ended June 30, 2019</b>													
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
<b>Ratio</b>	<b>385.47%</b>	<b>192.73%</b>	<b>216.85%</b>	<b>69.20%</b>	<b>-37.18%</b>	<b>103.52%</b>	<b>20.01%</b>	<b>144.13%</b>	<b>118.19%</b>	<b>N/A</b>	<b>98.63%</b>	<b>321.81%</b>	<b>169.78%</b>
<b>Primary reserve ratio: &gt;25%</b>													
<b>Fiscal year ended June 30, 2021</b>													
Expendable net position	419,950	686,485	80,681	226,555	5,323	31,353	17,632	36,445	115,678	344,681	142,590	21,873	2,469,696
Operating expenses	1,327,539	2,026,771	148,488	428,742	119,601	116,821	96,674	111,441	184,475	449,400	449,358	51,641	5,544,805
<b>Ratio</b>	<b>31.63%</b>	<b>33.87%</b>	<b>54.34%</b>	<b>52.84%</b>	<b>4.45%</b>	<b>26.84%</b>	<b>18.24%</b>	<b>32.70%</b>	<b>62.71%</b>	<b>76.70%</b>	<b>31.73%</b>	<b>42.36%</b>	<b>44.54%</b>
<b>Fiscal year ended June 30, 2020</b>													
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
<b>Ratio</b>	<b>30.03%</b>	<b>31.49%</b>	<b>61.28%</b>	<b>59.37%</b>	<b>1.58%</b>	<b>24.30%</b>	<b>13.25%</b>	<b>24.94%</b>	<b>60.15%</b>	<b>76.11%</b>	<b>32.38%</b>	<b>40.03%</b>	<b>43.55%</b>
<b>Fiscal year ended June 30, 2019</b>													
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
<b>Ratio</b>	<b>30.44%</b>	<b>33.65%</b>	<b>70.67%</b>	<b>61.75%</b>	<b>0.61%</b>	<b>29.28%</b>	<b>9.58%</b>	<b>20.03%</b>	<b>59.85%</b>	<b>73.38%</b>	<b>32.56%</b>	<b>35.11%</b>	<b>44.24%</b>
<b>Ratio of current assets to current liabilities: &gt;200%</b>													
<b>Fiscal year ended June 30, 2021</b>													
Current assets	560,059	888,936	100,836	294,772	13,551	45,736	29,015	56,581	135,459	402,806	187,814	27,210	3,050,605
Current liabilities	196,715	378,136	22,399	101,288	14,318	20,680	13,782	21,049	25,257	83,594	61,251	4,572	970,308
<b>Ratio</b>	<b>284.71%</b>	<b>235.08%</b>	<b>450.18%</b>	<b>291.02%</b>	<b>94.64%</b>	<b>221.16%</b>	<b>210.53%</b>	<b>268.81%</b>	<b>536.32%</b>	<b>481.86%</b>	<b>306.63%</b>	<b>595.14%</b>	<b>314.40%</b>
<b>Fiscal year ended June 30, 2020</b>													
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
<b>Ratio</b>	<b>281.32%</b>	<b>229.26%</b>	<b>494.02%</b>	<b>386.68%</b>	<b>70.27%</b>	<b>227.09%</b>	<b>165.86%</b>	<b>222.65%</b>	<b>487.53%</b>	<b>461.29%</b>	<b>337.80%</b>	<b>604.46%</b>	<b>324.10%</b>
<b>Fiscal year ended June 30, 2019</b>													
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
<b>Ratio</b>	<b>269.94%</b>	<b>258.46%</b>	<b>540.70%</b>	<b>398.93%</b>	<b>52.82%</b>	<b>287.08%</b>	<b>140.10%</b>	<b>200.44%</b>	<b>461.83%</b>	<b>475.51%</b>	<b>362.51%</b>	<b>573.19%</b>	<b>338.03%</b>

**University System of Maryland**  
**Financial Performance Dashboard Indicators Data**  
**Year ended June 30, 2021**  
**(in thousands)**

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	Total USM
<b>Operational performance indicators</b>													
<b>Student accounts receivable collection rate: &lt;1%</b>													
<b>Average - five-years ended June 30, 2021</b>													
Net transfers to CCU	173	1,508	593	879	1,198	328	56	529	407	6,538	905		13,114
Gross billings	176,408	785,935	70,572	277,080	48,409	150,485	23,332	63,791	123,563	353,636	195,608		2,268,819
<b>Ratio</b>	<b>0.10%</b>	<b>0.19%</b>	<b>0.84%</b>	<b>0.32%</b>	<b>2.48%</b>	<b>0.22%</b>	<b>0.24%</b>	<b>0.83%</b>	<b>0.33%</b>	<b>1.85%</b>	<b>0.46%</b>	<b>N/A</b>	<b>0.58%</b>
<b>Average - five-years ended June 30, 2020</b>													
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
<b>Ratio</b>	<b>0.07%</b>	<b>0.19%</b>	<b>0.54%</b>	<b>0.33%</b>	<b>2.43%</b>	<b>0.16%</b>	<b>0.36%</b>	<b>1.04%</b>	<b>0.26%</b>	<b>2.01%</b>	<b>0.45%</b>	<b>N/A</b>	<b>0.59%</b>
<b>Average - five-years ended June 30, 2019</b>													
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
<b>Ratio</b>	<b>0.07%</b>	<b>0.17%</b>	<b>0.55%</b>	<b>0.32%</b>	<b>2.70%</b>	<b>0.29%</b>	<b>0.06%</b>	<b>0.93%</b>	<b>0.24%</b>	<b>1.60%</b>	<b>0.43%</b>	<b>N/A</b>	<b>0.54%</b>
<b>Net operating revenues ratio: &gt;1%</b>													
<b>Fiscal year ended June 30, 2021</b>													
Change in unrestricted net position	34,313	44,237	(519)	(30,391)	2,162	6,004	5,655	8,800	5,714	5,382	(6,876)	1,803	80,576
Operating revenues	1,026,397	1,258,922	65,304	207,416	50,516	55,442	25,273	64,920	105,506	330,008	237,391	24,298	3,454,424
<b>Ratio</b>	<b>3.34%</b>	<b>3.51%</b>	<b>-0.79%</b>	<b>-14.65%</b>	<b>4.28%</b>	<b>10.83%</b>	<b>22.38%</b>	<b>13.56%</b>	<b>5.42%</b>	<b>1.63%</b>	<b>-2.90%</b>	<b>7.42%</b>	<b>2.33%</b>
<b>Fiscal year ended June 30, 2020</b>													
Change in unrestricted net position (adjusted for per	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
<b>Ratio</b>	<b>0.44%</b>	<b>-1.99%</b>	<b>-9.57%</b>	<b>-0.25%</b>	<b>1.31%</b>	<b>-6.30%</b>	<b>15.71%</b>	<b>9.04%</b>	<b>0.65%</b>	<b>2.78%</b>	<b>1.64%</b>	<b>6.30%</b>	<b>0.51%</b>
<b>Fiscal year ended June 30, 2019</b>													
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
<b>Ratio</b>	<b>3.06%</b>	<b>3.36%</b>	<b>9.27%</b>	<b>8.16%</b>	<b>-3.75%</b>	<b>5.25%</b>	<b>15.76%</b>	<b>5.09%</b>	<b>1.86%</b>	<b>-1.88%</b>	<b>4.65%</b>	<b>5.73%</b>	<b>4.45%</b>
<b>Ratio of debt service payments to operating spending: &lt; 4.5%</b>													
<b>Fiscal year ended June 30, 2021</b>													
Debt service payments	12,882	47,047	5,039	41,821	4,487	5,289	4,907	2,742	10,291	0	17,920	1,099	3,980
Operating expenses	1,327,539	2,026,771	148,488	428,742	119,601	116,821	96,674	111,441	184,475	449,400	449,358	51,641	5,544,805
<b>Ratio</b>	<b>0.97%</b>	<b>2.32%</b>	<b>3.39%</b>	<b>9.75%</b>	<b>3.75%</b>	<b>4.53%</b>	<b>5.08%</b>	<b>2.46%</b>	<b>5.58%</b>	<b>0.00%</b>	<b>3.99%</b>	<b>2.13%</b>	<b>0.07%</b>
<b>Fiscal year ended June 30, 2020</b>													
Debt service payments	12,586	43,156	4,081	37,637	5,508	4,426	4,658	2,604	10,352	0	17,088	906	155,731
Operating expenses	1,257,854	2,088,034	132,749	433,218	119,695	115,243	89,787	112,387	183,146	445,428	461,998	50,136	5,520,683
<b>Ratio</b>	<b>1.00%</b>	<b>2.07%</b>	<b>3.07%</b>	<b>8.69%</b>	<b>4.60%</b>	<b>3.84%</b>	<b>5.19%</b>	<b>2.32%</b>	<b>5.65%</b>	<b>0.00%</b>	<b>3.70%</b>	<b>1.81%</b>	<b>2.82%</b>
<b>Fiscal year ended June 30, 2019</b>													
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
<b>Ratio</b>	<b>1.06%</b>	<b>2.11%</b>	<b>3.26%</b>	<b>8.40%</b>	<b>4.99%</b>	<b>2.47%</b>	<b>5.23%</b>	<b>2.46%</b>	<b>5.34%</b>	<b>0.00%</b>	<b>3.86%</b>	<b>1.68%</b>	<b>2.78%</b>

**University System of Maryland**  
**Financial Performance Dashboard Indicators Data**  
**Year ended June 30, 2021**  
**(in thousands)**

	UMB	UMCP	BSU	TU	UMES	FSU	CSU	UBalt	SU	UMGC	UMBC	UMCES	Total USM
<b><u>Enrollment Performance Indicators</u></b>													
<b>Net Tuition per FTE</b>													
<b>Fall 2020 (FY 2021) Enrollment</b>													
Net Tuition and Fees	132,689	541,570	39,938	161,592	16,229	33,297	10,239	41,168	60,395	365,351	124,102	N/A	1,526,572
FTE	7,168	33,907	5,035	17,025	2,205	3,408	1,698	2,486	6,687	35,404	10,938	N/A	125,961
<b>Net Tuition per FTE</b>	<b>\$ 18,511</b>	<b>\$ 15,972</b>	<b>\$ 7,932</b>	<b>\$ 9,491</b>	<b>\$ 7,360</b>	<b>\$ 9,770</b>	<b>\$ 6,030</b>	<b>\$ 16,560</b>	<b>\$ 9,032</b>	<b>\$ 10,319</b>	<b>\$ 11,346</b>	<b>N/A</b>	<b>\$ 12,119</b>
<b>Fall 2019 (FY 2020) Enrollment</b>													
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
<b>Net Tuition per FTE</b>	<b>\$ 19,381</b>	<b>\$ 16,957</b>	<b>\$ 8,217</b>	<b>\$ 9,126</b>	<b>\$ 7,745</b>	<b>\$ 9,046</b>	<b>\$ 5,451</b>	<b>\$ 15,186</b>	<b>\$ 8,642</b>	<b>\$ 9,927</b>	<b>\$ 11,571</b>	<b>N/A</b>	<b>\$ 12,104</b>
<b>Fall 2018 (FY 2019) Enrollment</b>													
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
<b>Net Tuition per FTE</b>	<b>\$ 18,136</b>	<b>\$ 16,712</b>	<b>\$ 8,291</b>	<b>\$ 9,104</b>	<b>\$ 6,646</b>	<b>\$ 8,680</b>	<b>\$ 5,256</b>	<b>\$ 14,813</b>	<b>\$ 8,559</b>	<b>\$ 9,771</b>	<b>\$ 11,462</b>	<b>N/A</b>	<b>\$ 11,859</b>
<b>Net Tuition Dependency Ratio</b>													
<b>Fiscal year ended June 30, 2021</b>													
Net Tuition and Fees	132,689	541,570	39,938	161,592	16,229	33,297	10,239	41,168	60,395	365,351	124,102	N/A	1,526,572
Operating revenues	1,026,397	1,258,922	65,304	207,416	50,516	55,442	25,273	64,920	105,506	330,008	237,391	N/A	3,454,424
<b>Ratio</b>	<b>12.93%</b>	<b>43.02%</b>	<b>61.16%</b>	<b>77.91%</b>	<b>32.13%</b>	<b>60.06%</b>	<b>40.51%</b>	<b>63.41%</b>	<b>57.24%</b>	<b>110.71%</b>	<b>52.28%</b>	<b>N/A</b>	<b>44.19%</b>
<b>Fiscal year ended June 30, 2020</b>													
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
<b>Ratio</b>	<b>13.83%</b>	<b>41.44%</b>	<b>65.05%</b>	<b>65.26%</b>	<b>39.58%</b>	<b>67.53%</b>	<b>49.70%</b>	<b>65.03%</b>	<b>58.62%</b>	<b>108.06%</b>	<b>44.94%</b>	<b>N/A</b>	<b>43.57%</b>
<b>Fiscal year ended June 30, 2019</b>													
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
<b>Ratio</b>	<b>12.89%</b>	<b>39.85%</b>	<b>66.60%</b>	<b>60.06%</b>	<b>34.98%</b>	<b>61.10%</b>	<b>44.84%</b>	<b>68.24%</b>	<b>53.63%</b>	<b>105.49%</b>	<b>43.17%</b>	<b>N/A</b>	<b>41.94%</b>



## **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.

## Audit Committee Meeting - Open Session Agenda

University System of Maryland  
 Affiliated Foundations Compliance Checklist - BOR Policy IX-2.00  
 FY21

Attachment C

Institution	Affiliated Foundation	Net Assets	Certification of Compliance Signed by Responsible Official	Annual Written Agreement with USM or Institution <sup>1</sup>	Management Letter/Auditor's Communication with Those Charged with Governance <sup>2</sup>	Use of an Internal Auditor <sup>3</sup>	Annual Financial Audit Report	Annual Audit Report of Transfers Made to USM and/or Institution	Annual Audit Report of Unrestricted Funds Available to Chancellor and/or President	List of Foundation Officers and Directors	List of USM Employees Who Received Compensation or Other Payments and Amount	List of All State and Federal Contracts and Grants Managed	Annual Report of Foundation's Major Activities	Annual Affiliated Foundation Operations Report
				IX-2.00 ¶ 4-5	IX-2.00 ¶ 22	IX-2.00 ¶ 24-25		IX-2.00 ¶ 27						IX-2.00 ¶ 32
Due 10/31/2021														Due 12/1/2021
USM	The University System of Maryland Foundation, Inc.	\$480,240,000	✓	In Process	✓	✓	✓	✓	✓	✓	✓	N/A	✓	✓
UMB	Medical Alumni Association of the University of Maryland, Inc.	\$3,922,125	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	N/A	✓	No document provided
UMB	The University of Maryland Baltimore Foundation, Inc.	\$433,685,999	✓	✓	✓	✓	✓	✓	✓	✓	N/A	One grant (City of Baltimore)	No document provided	No document provided
UMCP	University of Maryland College Park Foundation, Inc.	\$855,507,758	✓	✓	In Process	✓	✓	✓	In Process	✓	✓	N/A	N/A	✓
UMCP	Harry R Hughes Center for Agro-Ecology, Inc.	\$55,129	In Process	✓	✓	N/A	✓	N/A	N/A	✓	✓	N/A	✓	✗
UMCP	M Club Foundation, University of Maryland, Inc.	\$2,835,297 (FY20)	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗
UMCP	The Robert H. Smith School of Business Foundation, Inc.	\$8,639,499 (FY19)	✗	✗	✗	No internal auditor used	✗	N/A	N/A	✓	N/A	N/A	✓	✓
UMCP	The Maryland 4-H Foundation, Inc.	\$7,055,660	In Process	✓	✓	No internal auditor used	✓	N/A	N/A	✓	N/A	One state grant	✗	✗
BSU	Bowie State University Foundation, Inc.	\$40,748,022	✗	✗	✗	✓	✓	✓	✗	✗	✗	✗	✗	✗
BSU	The Maryland Center @ Bowie State University, Inc.	\$208,177 (FY20)	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗
TU	Towson University Foundation, Inc.	\$109,307,185	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A	✗	✗
TU	Towson University Public Media, Inc.	\$604,557	✓	✓	✓	No internal auditor used	✓	✓	N/A	✓	✓	Four state and federal grants	✓	✗
FSU	Frostburg State University Foundation, Inc.	\$38,704,488	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✗	✓
CSU	Coppin State University Development Foundation, Inc.	\$15,538,205	✓	✓	N/A	✓	✓	✓	✓	✓	✓	N/A	✗	✓
UB	University of Baltimore Foundation, Inc.	\$94,694,410	✓	✓	✓	No internal auditor used	✓	✓	✓	✓	N/A	One federal contract	✓	✗
SU	Salisbury University Foundation, Inc.	\$106,928,370	✓	✓	✓	✓	✓	Included in notes of audit report	✓	✓	✓	N/A	No document provided	✓
SU	The Ward Foundation, Inc.	\$92,316	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	In Process	In Process
UMBC	University of Maryland, Baltimore County Research Park Corporation	\$11,703,940	✗	✗	✓	No internal auditor used	✓	N/A	N/A	✓	N/A	One federal sublease contract	✓	✓

Key:  
 No documents/documentation received  
 Followed up and awaiting response  
 Received documents/documentation

# FY2021 Audited Financial Statements

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Audit Committee, December 13, 2021



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# Agenda

- FY21 Financial Results
- Financial Snapshot
- Financial Dashboards
- Affiliated Foundation Compliance Reporting

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# FY21 Financial Results

The auditors have issued the final FY21 Audit Report with a ‘clean’ unqualified opinion.

The FY21 Audited Financial Statements report a decrease in Unrestricted net position of \$24,332,730.

For the second year, institutions were approved to spend a portion of unrestricted net assets to navigate the financial implications of the COVID-19 pandemic. Fund Balance goals were lowered to reflect the need of institutions to accommodate increased spending needs.

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# FY21 Financial Results

The following institutions reported the largest increases to unrestricted net position: UMB \$11M, UMCP \$8M and UBalt \$6M

The following institutions had the most significant declines in unrestricted net position: TU (\$40M) and UMBC (\$18M)

All institutions met the adjusted fund balance goal.

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# FY21 Financial Results

Financial measures and circumstances that caused positive financial results:

- Award of additional CARES/HEERF funding of \$467M
- Support from the State for COVID/Public Safety \$49M
- Moratorium on approval of cash spending on new cash-funded capital projects, unless for health and safety reasons
- Use of revenue bonds to finance \$88M in projects previously approved for cash spending
- Responsible financial management by the institutions

# Financial Statement Results

- Higher Education Emergency Relief Fund(HEERF)/CARES Act Funding

<b>HEERF Program</b>	<b>Funds Award</b>	<b>FY20 Revenue</b>	<b>FY21 Revenue</b>	<b>Balance to be used</b>
Student Aid	\$209M	\$29M	\$61M	\$119M
Institutional Aid	251	29	94	128
HBCUs/Other	114	5	21	88
<b>Total</b>	<b>\$574M</b>	<b>\$63M</b>	<b>\$176M</b>	<b>\$335M</b>

# FY21 Financial Results

<b>Components of change in unrestricted net position</b>	<b>\$M</b>
Results of ongoing or normal operations	\$306
Auxiliary lost revenue and tuition & fees decrease	(197)
Cash spending on capital projects	(111)
Impact of state pension liability allocation	(105)
CARES Act/DBM Public Safety Support	200
Appropriation cut	(117)
Reported change in unrestricted net position	(\$24)

# Financial Snapshot

- Designed to track Balance Sheet strength
  - Defined as Ratio of Available Resources to Debt Outstanding in BOR Policy VIII-12.00
  - Increase in adjusted ratio to 136%, as compared 127% in FY2020
  
- ‘Available resources’ includes:
  - USM’s unrestricted net position
  - Unfunded pension amounts – allocated by state
  - Accrued leave liability – increased because of the pandemic
  - Affiliated foundation’s unrestricted net position

# Financial Snapshot

- Adjustments made to reflect ‘true’ financial standing :
  - Include Board-approved commitments and authorizations to spend not yet reflected in the financial statements
  - Increase the result of CARES Act/HEERF Funding, slowed spending and debt authorization

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# Financial Dashboards

Visual summary of our financial health or performance

- The top half of the dashboard indicators reflects each institution's ratio or statistic compared with a standard
- The bottom half of the dashboard indicators worksheet reflect the year-to-year change, in terms of improvement or deterioration

# Affiliated Foundation Compliance

- Grid shows the status of collection of materials required to be provided to USM annually by October 31.
- The materials required by the BOR policy satisfy various control objectives such as:
  - assurance as to compliance with state ethics law,
  - affiliated foundations are not competing with the institution on contract and grant opportunities,
  - financial information needed for the System's audited financial statements is provided in a timely fashion.

# Affiliated Foundation Compliance

Next steps -

- Obtain audited financial statements and compliance packages from all affiliated foundations
- Complete review materials received and bring to the Audit Committee's attention any significant issues of noncompliance
- Finalize the revision of the Affiliated Foundation Board Policy and the Business Entity Board Policy



CliftonLarsonAllen LLP  
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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), a component unit of the State of Maryland, as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated December 8, 2021. 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.

The System implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities and describes fiduciary funds that should be reported in the financial statements. Implementation of this standard had no effect on the financial statements of the System.

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.

Board of Regents  
University System of Maryland  
Page 2

- 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.

Board of Regents  
University System of Maryland  
Page 3

***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. 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 8, 2021.

***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 8, 2021, 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.

Board of Regents  
University System of Maryland  
Page 4

***Limitations on the group audit***

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

**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 8, 2021, which also referenced reliance on the reports of other auditors for the nonmajor discretely presented component units dated December 8, 2021.

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.

\* \* \*

Board of Regents  
University System of Maryland  
Page 5

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.

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

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 8, 2021

December 8, 2021

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, 2021 and 2020, the respective changes in financial position and, where applicable, cash flows for the years 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 8, 2021 the following representations made to you during your audits.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 21, 2021, 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 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.

December 8, 2021  
CliftonLarsonAllen LLP  
Page 6

32. We have evaluated the requirements of GASB Statement 84, *Fiduciary Activities* and have not identified and any fiduciary activities that require presentation within the financial statements.

*University System of Maryland Office*

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*Celeste Denson, Comptroller*  
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Signature: \_\_\_\_\_  
Celeste Denson, Comptroller

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*Robert Page, Associate Vice Chancellor of Financial Affairs*  
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Signature: \_\_\_\_\_  
Robert Page, Associate Vice Chancellor of Financial Affairs

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*Ellen Herbst*  
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Signature: \_\_\_\_\_  
Ellen Herbst, Vice Chancellor for Administration and Finance

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*Dr. Jay Perman, Chancellor*  
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Signature: \_\_\_\_\_  
Dr. Jay Perman, Chancellor



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

For the Years Ended June 30, 2021 and 2020

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**UNIVERSITY SYSTEM OF MARYLAND**

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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 years ended June 30, 2021 and 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 audits. 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., University of Maryland Baltimore County Research Park Corporation, Inc. and UMUC Ventures, Inc. and Subsidiaries. Those 2021 financial statements, which reflect approximately 0.4%, 0.6% and 0.8% 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, 2021, 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. Those 2020 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.



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Board of Regents  
University System of Maryland

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*.

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 audits 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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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.

Board of Regents  
University System of Maryland

*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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, 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 8, 2021

## **UNIVERSITY SYSTEM OF MARYLAND**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020**

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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, 2021 and 2020, with 2019 information for comparative purposes.

#### **Financial Highlights**

- Unrestricted net position decreased by \$24,332,730 for the year ended June 30, 2021, compared to an decrease of \$77,712,419 for the year ended June 30, 2020.
- State appropriations for the System increased by 0.8% for the year ended June 30, 2021. For the year ended June 30, 2020, State appropriations increased by 6.8% from the amount received in the year ended June 30, 2019.
- Tuition and fees, after deducting scholarship allowances, decreased by \$44,999,611 or 3.2% for the year ended June 30, 2021. During the year ended June 30, 2020, net tuition and fees, decreased by \$1,160,485 or 0.1%.
- For the year ended June 30, 2021, investment income on Endowment assets was \$96,234,244, representing an investment return of 27%. Investment income on Endowment assets amounted to \$3,143,991, an investment return of 1%, for the year ended June 30, 2020.
- Three laws were signed into effect during the years ended June 30, 2020 and 2021, which provide financial support to individuals, governments and businesses experiencing financial hardship associated with the coronavirus pandemic:
  - The Coronavirus Aid, Relief, and Economic Security Act (CARES act), was signed into law on March 27, 2020. On December 27, 2020, The Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA) was signed into law. The American Rescue Plan (ARP) was signed into law on March 11, 2021. Each of these three laws provided funding for the Higher Education Emergency Relief Fund(HEERF).
  - These acts provide for potential funding of \$574,194,991 to System institutions to be used for pandemic related student and institutional aid that may be accessed or used through fiscal year 2022.
  - The System recognized \$196,776,455 and \$89,316,876 of nonoperating grant revenues associated with amounts awarded directly, or through the state of Maryland, of COVID relief funding for the years ended June 30, 2021 and 2020, respectively.

#### **Overview of the Financial Statements**

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

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

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

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

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

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

**Financial Analysis**

As of June 30, 2021, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$6,992,497,833, shown on the Statement of Net Position as total net position. This compares with total net position of \$6,881,391,484 as of June 30, 2020 and \$6,752,883,463 as of June 30, 2019. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

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

For the year ended June 30, 2020, total net position increased by \$128,508,021. 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.

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021, 2020 and 2019.

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current and noncurrent assets	\$ 3,651,318,406	\$ 3,487,011,528	\$ 3,456,588,174
Capital assets, net	7,089,300,818	6,826,034,004	6,633,402,152
Total assets	10,740,619,224	10,313,045,532	10,089,990,326
Deferred outflows of resources	395,367,185	414,928,347	523,339,677
Total assets and deferred outflows of resources	<u>\$11,135,986,409</u>	<u>\$10,727,973,879</u>	<u>\$10,613,330,003</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Debt and capital lease obligations	\$ 1,357,105,587	\$ 1,201,649,768	\$ 1,303,513,443
Other liabilities	1,078,593,982	1,007,393,977	890,535,191
Net pension liability	1,395,144,942	1,275,563,402	1,309,998,345
Total liabilities	3,830,844,511	3,484,607,147	3,504,046,979
Deferred inflows of resources	312,644,065	361,975,248	356,399,561
Total liabilities and deferred inflows of resources	<u>4,143,488,576</u>	<u>3,846,582,395</u>	<u>3,860,446,540</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,580,081,931	5,430,985,410	5,222,375,942
Restricted	224,552,848	238,210,290	240,599,318
Unrestricted	1,187,863,054	1,212,195,784	1,289,908,203
Total net position	<u>6,992,497,833</u>	<u>6,881,391,484</u>	<u>6,752,883,463</u>
Total liabilities, deferred inflows of resources and net position	<u>\$11,135,986,409</u>	<u>\$10,727,973,879</u>	<u>\$10,613,330,003</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021, 2020 and 2019.

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Operating revenues	\$ 3,454,424,004	\$ 3,616,751,789	\$ 3,748,608,760
Operating expenses	5,544,804,920	5,520,682,997	5,403,345,576
Operating loss	(2,090,380,916)	(1,903,931,208)	(1,654,736,816)
State appropriations	1,505,429,509	1,493,671,878	1,398,073,778
Other nonoperating revenues, net	482,063,372	340,856,642	267,160,620
Total nonoperating revenues	1,987,492,881	1,834,528,520	1,665,234,398
Income (loss) before other revenues	(102,888,035)	(69,402,688)	10,497,582
Other revenues	213,994,384	197,910,709	273,496,876
Increase in net position	111,106,349	128,508,021	283,994,458
Net position, beginning of year	6,881,391,484	6,752,883,463	6,468,889,005
Net position, end of year	<u>\$ 6,992,497,833</u>	<u>\$ 6,881,391,484</u>	<u>\$ 6,752,883,463</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, 2021, 2020 and 2019, operating revenues, which under the definitions used by the Governmental Accounting Standards Board (GASB), excludes state appropriations, are detailed below:

	<b>2021</b>		<b>2020</b>		<b>2019</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Tuition and fees, net	\$ 1,363,293,173	39.4 %	\$ 1,408,292,784	39.0 %	\$ 1,409,453,269	37.6 %
Contracts and grants	1,284,150,483	37.2	1,245,677,748	34.4	1,251,850,503	33.4
Sales and services of educational departments	362,668,277	10.5	335,932,342	9.3	332,519,878	8.9
Auxiliary enterprises, net	392,796,897	11.4	557,362,495	15.4	672,753,381	17.9
Other operating	51,515,174	1.5	69,486,420	1.9	82,031,729	2.2
Total	<u>\$ 3,454,424,004</u>	<u>100.0 %</u>	<u>\$ 3,616,751,789</u>	<u>100.0 %</u>	<u>\$ 3,748,608,760</u>	<u>100.0 %</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

For the years ended June 30, 2021, 2020 and 2019, operating expenses are detailed below:

	2021		2020		2019	
	\$	%	\$	%	\$	%
Instruction	\$ 1,420,144,490	25.6 %	\$ 1,402,071,908	25.4 %	\$ 1,364,312,495	25.2 %
Research	1,050,765,878	19.0	1,039,622,121	18.8	988,835,162	18.3
Public service	575,995,384	10.4	521,599,010	9.4	548,915,818	10.2
Academic support	520,704,936	9.4	527,330,418	9.6	486,707,624	9.0
Student services	326,370,905	5.9	321,421,560	5.8	314,289,585	5.8
Institutional support	578,360,851	10.4	543,979,557	9.9	537,015,238	9.9
Operation and maintenance of plant	401,520,485	7.2	402,000,372	7.3	402,662,215	7.5
Scholarships and fellowships	173,157,118	3.1	137,307,078	2.5	119,837,448	2.2
Auxiliary enterprises	497,784,873	9.0	625,350,973	11.3	640,769,991	11.9
<b>Total</b>	<b>\$ 5,544,804,920</b>	<b>100.0 %</b>	<b>\$ 5,520,682,997</b>	<b>100.0 %</b>	<b>\$ 5,403,345,576</b>	<b>100.0 %</b>

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

For the years ended June 30, 2021 and 2020, increases in total employee payments of \$51,545,419 and \$178,332,102, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2021 and 2020, the largest increases associated with employee payments were for public service and research, respectively.

**Capital Asset and Debt Administration**

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

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

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

	2021	2020	2019
State of Maryland debt proceeds	\$160,457,476	\$172,302,652	\$244,478,467
System debt proceeds	404,785,324	129,669,702	172,711,919
System cash balances and donations	69,168,908	242,331,590	101,522,580
<b>Total</b>	<b>\$634,411,708</b>	<b>\$544,303,944</b>	<b>\$518,712,966</b>

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

<b>Project</b>	<b>Institution</b>	<b>Cost</b>
<b>Year ended June 30, 2021</b>		
Cole Field House Renovation	University of Maryland, College Park	\$210,000,000
Science Complex	Towson University	179,000,000
Brownsville Residence Hall	Frostburg State University	42,895,000
H.J. Patterson Wing 2	University of Maryland, College Park	17,313,000
Glen Dining Hall Renovation	Towson University	12,500,000
<b>Year ended June 30, 2020</b>		
Biomedical Science & Engineering Education Building	Universities at Shady Grove	\$158,400,000
Interdisciplinary Life Sciences Building	University of Maryland Baltimore County	123,050,000
<b>Year ended June 30, 2019</b>		
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

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, 2021, 2020 and 2019, as follows:

<b>Debt issuance</b>	<b>Date of issue</b>	<b>Purpose</b>	<b>Total Par Value Issued</b>	<b>Present Value of Future Debt Service Savings</b>
2021 Series A	02/24/2021	Refinancing, construction, and facilities renewal	\$237,285,000	\$ 6,935,086
2021 Refunding Series B (Taxable)	02/24/2021	Refinancing (Taxable)	108,530,000	10,238,461

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

## **UNIVERSITY SYSTEM OF MARYLAND**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2021 AND 2020**

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#### **Economic Factors and Next Year's Budget and Rates**

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

Across all student categories, enrollment is expected to continue to increase over the next ten years, with approximately 6.6% more fulltime equivalent students anticipated by the fall 2031. While preliminary fall 2021 enrollment indicates a decrease in fulltime equivalent enrollment of approximately 3.3%, the longterm projection remains a picture of continued but slower growth.

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

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

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

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

#### **Requests for Information**

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

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**UNIVERSITY SYSTEM OF MARYLAND  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,681,608,525	\$ 2,633,496,005
Accounts receivable, net	333,521,863	343,251,636
Notes receivable, current portion, net	3,870,228	3,874,699
Inventories	9,015,105	9,954,651
Prepaid expenses and other	22,589,607	20,886,577
<b>Total current assets</b>	<b>3,050,605,328</b>	<b>3,011,463,568</b>
<b>Noncurrent assets</b>		
Restricted cash and cash equivalents	104,319,389	62,133,802
Endowment investments	436,809,838	354,554,440
Other investments	40,508,406	34,999,509
Notes receivable, net	19,075,445	23,860,209
Capital assets, net	7,089,300,818	6,826,034,004
<b>Total noncurrent assets</b>	<b>7,690,013,896</b>	<b>7,301,581,964</b>
<b>Total assets</b>	<b>10,740,619,224</b>	<b>10,313,045,532</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>395,367,185</b>	<b>414,928,347</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 11,135,986,409</b>	<b>\$ 10,727,973,879</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 364,305,655	\$ 348,633,745
Accrued workers' compensation, current portion	4,794,150	4,885,800
Accrued vacation costs, current portion	129,718,324	123,461,419
Revenue bonds and notes payable, current portion	92,180,951	99,295,675
Obligations under capital lease agreements, current portion	2,768,159	1,846,129
Unearned revenues	376,540,915	351,060,005
<b>Total current liabilities</b>	<b>970,308,154</b>	<b>929,182,773</b>
<b>Noncurrent liabilities</b>		
Accrued workers' compensation	27,166,850	27,686,200
Accrued vacation costs	176,068,088	151,666,808
Revenue bonds and notes payable	1,226,264,284	1,088,171,129
Obligations under capital lease agreements	35,892,193	12,336,835
Net pension liability	1,395,144,942	1,275,563,402
<b>Total noncurrent liabilities</b>	<b>2,860,536,357</b>	<b>2,555,424,374</b>
<b>Total liabilities</b>	<b>3,830,844,511</b>	<b>3,484,607,147</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>312,644,065</b>	<b>361,975,248</b>
<b>NET POSITION</b>		
Unrestricted	1,187,863,054	1,212,195,784
Net investment in capital assets	5,580,081,931	5,430,985,410
Restricted:		
Nonexpendable	42,931,450	41,718,241
Expendable	181,621,398	196,492,049
<b>Total net position</b>	<b>6,992,497,833</b>	<b>6,881,391,484</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 11,135,986,409</b>	<b>\$ 10,727,973,879</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF FINANCIAL POSITION, COMPONENT UNITS  
JUNE 30, 2021**

	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	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$ 163,000	\$ 31,121,973	\$ 3,186,787	\$ 30,263,846	\$ 64,735,606
Accounts receivable, net	948,000	79,344,387	26,498,808	4,677,946	111,469,141
Other assets	219,000	143,353	92,051	558,310	1,012,714
<b>Total current assets</b>	<b>1,330,000</b>	<b>110,609,713</b>	<b>29,777,646</b>	<b>35,500,102</b>	<b>177,217,461</b>
<b>Investments</b>					
Endowment investments	397,904,000	598,858,551	301,327,289	347,153,377	1,645,243,217
Other investments	599,813,000	85,850,088	82,296,953	29,073,296	797,033,337
<b>Total investments</b>	<b>997,717,000</b>	<b>684,708,639</b>	<b>383,624,242</b>	<b>376,226,673</b>	<b>2,442,276,554</b>
<b>Noncurrent assets</b>					
Accounts receivable, net	4,894,000	50,890,579	19,132,192	11,501,352	86,418,123
Capital assets, net	14,048,000	19,566,708		3,380,839	36,995,547
Other assets	471,000	7,055,860	5,446,249	2,597,874	15,570,983
<b>Total noncurrent assets</b>	<b>19,413,000</b>	<b>77,513,147</b>	<b>24,578,441</b>	<b>17,480,065</b>	<b>138,984,653</b>
<b>Total assets</b>	<b>\$ 1,018,460,000</b>	<b>\$ 872,831,499</b>	<b>\$ 437,980,329</b>	<b>\$ 429,206,840</b>	<b>\$ 2,758,478,668</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable & accrued expenses	\$ 3,435,000	\$ 3,776,166	\$ 1,995,661	\$ 2,012,667	\$ 11,219,494
Long-term debt, current				1,752,486	1,752,486
Unearned revenues	1,336,000	1,373,937		5,716,410	8,426,347
<b>Total current liabilities</b>	<b>4,771,000</b>	<b>5,150,103</b>	<b>1,995,661</b>	<b>9,481,563</b>	<b>21,398,327</b>
<b>Noncurrent liabilities</b>					
Other payables	96,814,884	9,173,639	2,298,669	2,100,658	110,387,850
Due to primary government	436,634,116				436,634,116
<b>Total noncurrent liabilities</b>	<b>533,449,000</b>	<b>9,173,639</b>	<b>2,298,669</b>	<b>2,100,658</b>	<b>547,021,966</b>
<b>Total liabilities</b>	<b>538,220,000</b>	<b>14,323,742</b>	<b>4,294,330</b>	<b>11,582,221</b>	<b>568,420,293</b>
<b>NET ASSETS</b>					
Without donor restrictions	86,442,000	2,975,164	46,761,050	67,645,734	203,823,948
With donor restrictions	393,798,000	855,532,593	386,924,949	349,978,885	1,986,234,427
<b>Total net assets</b>	<b>480,240,000</b>	<b>858,507,757</b>	<b>433,685,999</b>	<b>417,624,619</b>	<b>2,190,058,375</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,018,460,000</b>	<b>\$ 872,831,499</b>	<b>\$ 437,980,329</b>	<b>\$ 429,206,840</b>	<b>\$ 2,758,478,668</b>

See accompanying notes.

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

	<b>Major Component Units</b>				<b>Total</b>
	<b>University System of Maryland Foundation, Inc.</b>	<b>University of Maryland College Park Foundation, Inc.</b>	<b>University of Maryland Baltimore Foundation, Inc.</b>	<b>Nonmajor Component Units</b>	
<b>ASSETS</b>					
<b>Current assets</b>					
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
<b>Total current assets</b>	<b>2,498,000</b>	<b>152,656,547</b>	<b>27,382,243</b>	<b>28,253,864</b>	<b>210,790,654</b>
<b>Investments</b>					
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
<b>Total investments</b>	<b>798,482,000</b>	<b>516,279,327</b>	<b>308,114,617</b>	<b>267,745,679</b>	<b>1,890,621,623</b>
<b>Noncurrent assets</b>					
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
<b>Total noncurrent assets</b>	<b>22,688,000</b>	<b>79,694,205</b>	<b>16,080,776</b>	<b>16,797,275</b>	<b>135,260,256</b>
<b>Total assets</b>	<b>\$ 823,668,000</b>	<b>\$ 748,630,079</b>	<b>\$ 351,577,636</b>	<b>\$ 312,796,818</b>	<b>\$ 2,236,672,533</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
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
<b>Total current liabilities</b>	<b>6,615,000</b>	<b>1,554,460</b>	<b>1,872,018</b>	<b>9,591,266</b>	<b>19,632,744</b>
<b>Noncurrent liabilities</b>					
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
<b>Total noncurrent liabilities</b>	<b>432,237,000</b>	<b>16,566,402</b>	<b>2,202,594</b>	<b>1,889,300</b>	<b>452,895,296</b>
<b>Total liabilities</b>	<b>438,852,000</b>	<b>18,120,862</b>	<b>4,074,612</b>	<b>11,480,566</b>	<b>472,528,040</b>
<b>NET ASSETS</b>					
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
<b>Total net assets</b>	<b>384,816,000</b>	<b>730,509,217</b>	<b>347,503,024</b>	<b>301,316,252</b>	<b>1,764,144,493</b>
<b>Total liabilities and net assets</b>	<b>\$ 823,668,000</b>	<b>\$ 748,630,079</b>	<b>\$ 351,577,636</b>	<b>\$ 312,796,818</b>	<b>\$ 2,236,672,533</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>		<b>2020</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 1,737,544,199		\$ 1,764,678,052
Less: scholarship allowances	<u>(374,251,026)</u>	\$ 1,363,293,173	<u>(356,385,268)</u> \$ 1,408,292,784
Federal grants and contracts		774,627,139	783,778,541
State and local grants and contracts		228,853,058	218,485,078
Nongovernmental grants and contracts		280,670,286	243,414,129
Sales and services of educational departments		362,668,277	335,932,342
Auxiliary enterprises	410,227,113		579,860,866
Less: scholarship allowances	<u>(17,430,216)</u>	392,796,897	<u>(22,498,371)</u> 557,362,495
Other operating revenues		<u>51,515,174</u>	<u>69,486,420</u>
<b>Total operating revenues</b>		<u>3,454,424,004</u>	<u>3,616,751,789</u>
<b>OPERATING EXPENSES</b>			
Instruction		1,420,144,490	1,402,071,908
Research		1,050,765,878	1,039,622,121
Public service		575,995,384	521,599,010
Academic support		520,704,936	527,330,418
Student services		326,370,905	321,421,560
Institutional support		578,360,851	543,979,557
Operation and maintenance of plant		401,520,485	402,000,372
Scholarships and fellowships		173,157,118	137,307,078
Auxiliary enterprises		<u>497,784,873</u>	<u>625,350,973</u>
<b>Total operating expenses</b>		<u>5,544,804,920</u>	<u>5,520,682,997</u>
<b>Operating (loss)</b>		<u>(2,090,380,916)</u>	<u>(1,903,931,208)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State appropriations		1,505,429,509	1,493,671,878
Pell grants		163,278,977	167,411,653
Other nonoperating grants		196,776,455	89,316,876
Gifts		45,136,501	53,210,506
Investment income	108,712,589		87,461,092
Less: investment expense	<u>(1,465,896)</u>	107,246,693	<u>(1,323,876)</u> 86,137,216
Interest on indebtedness		(35,369,712)	(40,580,627)
Other revenues and gains (losses), net		<u>4,994,458</u>	<u>(14,638,982)</u>
<b>Total nonoperating revenues</b>		<u>1,987,492,881</u>	<u>1,834,528,520</u>
<b>Income (loss) before other revenues</b>		<u>(102,888,035)</u>	<u>(69,402,688)</u>
<b>OTHER REVENUES</b>			
Capital appropriations		160,457,476	172,302,652
Capital gifts and grants		52,323,700	23,039,106
Additions to endowments		<u>1,213,208</u>	<u>2,568,951</u>
<b>Total other revenues</b>		<u>213,994,384</u>	<u>197,910,709</u>
<b>Increase in net position</b>		111,106,349	128,508,021
<b>Net position - beginning of year</b>		<u>6,881,391,484</u>	<u>6,752,883,463</u>
<b>Net position - end of year</b>		<u>\$ 6,992,497,833</u>	<u>\$ 6,881,391,484</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2021**

	<u>Major Component Units</u>			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
<b>Revenues</b>					
Contributions & grants	\$ 22,150,000		\$ 4,205,998	\$ 26,527,846	\$ 52,883,844
Investment income, net	7,340,000	\$ 5,745,804	1,568,713	7,484,373	22,138,890
Other income	6,588,000	1,423,870	206,002	2,215,948	10,433,820
Assets released from restrictions	20,548,000	96,115,398	18,770,387	18,138,058	153,571,843
<b>Total revenues</b>	<b>56,626,000</b>	<b>103,285,072</b>	<b>24,751,100</b>	<b>54,366,225</b>	<b>239,028,397</b>
<b>Expenses</b>					
Program	21,972,000	101,256,206	19,781,959	16,297,938	159,308,103
General & administrative	5,130,000	3,601,427	2,239,980	2,605,095	13,576,502
Fundraising	1,978,000	252,949	292,409	892,778	3,416,136
Other expense				1,197,283	1,197,283
<b>Total expenses</b>	<b>29,080,000</b>	<b>105,110,582</b>	<b>22,314,348</b>	<b>20,993,094</b>	<b>177,498,024</b>
<b>Change in net assets without donor restrictions</b>	<b>27,546,000</b>	<b>(1,825,510)</b>	<b>2,436,752</b>	<b>33,373,131</b>	<b>61,530,373</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
Contributions & grants	14,748,000	99,084,595	41,020,121	29,111,172	183,963,888
Investment income	73,677,000	119,439,746	61,496,489	71,229,871	325,843,106
Other income (loss)	1,000	7,415,107		732,251	8,148,358
Assets released from restrictions	(20,548,000)	(96,115,398)	(18,770,387)	(18,138,058)	(153,571,843)
<b>Change in net assets with donor restrictions</b>	<b>67,878,000</b>	<b>129,824,050</b>	<b>83,746,223</b>	<b>82,935,236</b>	<b>364,383,509</b>
<b>Total changes in net assets</b>	<b>95,424,000</b>	<b>127,998,540</b>	<b>86,182,975</b>	<b>116,308,367</b>	<b>425,913,882</b>
<b>Net assets - beginning of year</b>	<b>384,816,000</b>	<b>730,509,217</b>	<b>347,503,024</b>	<b>301,316,252</b>	<b>1,764,144,493</b>
<b>Net assets - end of year</b>	<b>\$ 480,240,000</b>	<b>\$ 858,507,757</b>	<b>\$ 433,685,999</b>	<b>\$ 417,624,619</b>	<b>\$ 2,190,058,375</b>

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.		
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
<b>Revenues</b>					
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
<b>Total revenues</b>	<b>26,294,000</b>	<b>65,789,382</b>	<b>27,420,372</b>	<b>23,067,833</b>	<b>142,571,587</b>
<b>Expenses</b>					
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
<b>Total expenses</b>	<b>31,239,000</b>	<b>66,007,774</b>	<b>25,846,866</b>	<b>23,085,780</b>	<b>146,179,420</b>
<b>Change in net assets without donor restrictions</b>	<b>(4,945,000)</b>	<b>(218,392)</b>	<b>1,573,506</b>	<b>(17,947)</b>	<b>(3,607,833)</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
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)
<b>Change in net assets with donor restrictions</b>	<b>15,230,000</b>	<b>16,171,209</b>	<b>2,554,676</b>	<b>2,089,929</b>	<b>36,045,814</b>
<b>Total changes in net assets</b>	<b>10,285,000</b>	<b>15,952,817</b>	<b>4,128,182</b>	<b>2,071,982</b>	<b>32,437,981</b>
<b>Net assets - beginning of year</b>	<b>374,531,000</b>	<b>714,556,400</b>	<b>343,374,842</b>	<b>317,453,772</b>	<b>1,749,916,014</b>
<b>Change in reporting entity</b>				<b>(18,209,502)</b>	<b>(18,209,502)</b>
<b>Net assets - end of year</b>	<b>\$ 384,816,000</b>	<b>\$ 730,509,217</b>	<b>\$ 347,503,024</b>	<b>\$ 301,316,252</b>	<b>\$ 1,764,144,493</b>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 1,365,064,757	\$ 1,416,648,091
Research contracts and grants	1,309,465,731	1,201,623,652
Payments to employees	(3,594,282,529)	(3,523,887,253)
Payments to suppliers and contractors	(1,437,879,651)	(1,485,492,364)
Loans issued to students	(875,796)	(2,376,781)
Collection of loans from students	5,391,654	10,109,155
Auxiliary enterprises	366,555,523	555,054,258
Other receipts	457,454,427	478,218,825
<b>Net cash used by operating activities</b>	<u>(1,529,105,884)</u>	<u>(1,350,102,417)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	1,505,429,509	1,493,671,878
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	1,213,208	868,951
Pell grants	163,278,977	167,411,653
Student direct lending payments	(697,479,367)	(801,252,857)
Student direct lending receipts	697,479,367	801,252,857
Other nonoperating grants	206,400,021	78,823,612
<b>Net cash provided by noncapital financing activities</b>	<u>1,876,321,715</u>	<u>1,740,776,094</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	404,785,324	129,669,702
Capital appropriations	181,280,656	172,302,652
Capital grants and gifts received	52,131,080	22,449,099
Proceeds from sales of capital assets	1,186,550	4,424,041
Purchases of capital assets	(604,529,245)	(533,192,077)
Principal paid on debt and capital leases	(253,291,606)	(229,752,885)
Interest paid on debt and capital leases	(55,138,737)	(52,978,006)
<b>Net cash used by capital and related financing activities</b>	<u>(273,575,978)</u>	<u>(487,077,474)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	15,239,650	49,722,887
Interest on investments	10,442,018	47,054,086
Investment expense	(1,465,896)	(1,338,618)
Purchases of investments	(7,557,518)	(12,716,160)
<b>Net cash provided by investing activities</b>	<u>16,658,254</u>	<u>82,722,195</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	90,298,107	(13,681,602)
<b>Cash and cash equivalents - beginning of year</b>	<u>2,695,629,807</u>	<u>2,709,311,409</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 2,785,927,914</u>	<u>\$ 2,695,629,807</u>
<b>SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Gifts and contributions of capital assets	\$ 192,621	\$ 889,131
Assets acquired through capital lease arrangements	27,500,000	11,540,774
Changes in unrealized appreciation on investments	77,472,651	(21,689,817)
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (2,090,380,916)	\$ (1,903,931,208)
<b>Adjustments to reconcile operating loss to net cash used by operating activities:</b>		
Depreciation expense	369,675,362	346,910,397
Loss on disposals of capital assets	282,982	337,654
Amortization of deferred service concession arrangement receipts	(18,356,042)	(18,356,042)
Gifts and other revenues, (expenses), gains, and (losses)	50,130,959	38,571,524
<b>Effect of changes in assets and liabilities:</b>		
Accounts receivable, net	9,729,773	(33,131,118)
Inventories	939,546	(490,350)
Prepaid expenses and other deferred charges	(1,703,030)	(128,236)
Notes receivable	4,789,235	7,594,996
Accounts payable and accrued liabilities	15,275,993	34,957,366
Unearned revenues	(4,445,664)	29,884,774
Accrued vacation	30,658,185	47,619,469
Accrued workers' compensation	(611,000)	3,839,000
Net pension liability and related deferred outflows and inflows of resources	104,908,733	96,219,357
<b>Net cash used by operating activities</b>	<u>\$ (1,529,105,884)</u>	<u>\$ (1,350,102,417)</u>

See accompanying notes.

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**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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**1. ORGANIZATION AND PURPOSE**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

The University System of Maryland Foundation, Inc. (the USMF), the University of Maryland College Park Foundation, Inc. (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, 2021 AND 2020**

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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, 2021 and 2020, affiliated foundations distributed approximately \$94,194,439 and \$99,305,993, 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, Inc., is organized to support UMGC and other higher education institutions through provision of support and administrative services.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

	<u>2021</u>	<u>2020</u>
<b>Condensed statements of financial position</b>		
Current assets	\$ 35,369,042	\$ 31,769,459
Capital assets	35,298	61,805
Other assets	8,693,897	8,802,474
Total assets	<u>\$ 44,098,237</u>	<u>\$ 40,633,738</u>
Current liabilities	<u>\$ 3,762,175</u>	<u>\$ 4,291,231</u>
Total liabilities	<u>3,762,175</u>	<u>4,291,231</u>
Invested in capital assets, net of related debt	35,298	61,805
Unrestricted net assets	<u>40,300,764</u>	<u>36,280,702</u>
Total net assets	<u>40,336,062</u>	<u>36,342,507</u>
Total liabilities & net assets	<u>\$ 44,098,237</u>	<u>\$ 40,633,738</u>
<b>Condensed statements of activities</b>		
Operating revenues	<u>\$ 47,435,503</u>	<u>\$ 52,391,613</u>
Operating expenses:		
Depreciation	26,586	26,209
Other expenses	44,181,413	68,868,905
Total operating expenses	<u>44,207,999</u>	<u>68,895,114</u>
Operating loss	3,227,504	(16,503,501)
Nonoperating revenues	766,051	35,425,155
Capital contributions		789,083
Net income	<u>3,993,555</u>	<u>19,710,737</u>
Beginning net assets	<u>36,342,507</u>	<u>16,631,770</u>
Ending net assets	<u>\$ 40,336,062</u>	<u>\$ 36,342,507</u>
<b>Condensed statements of cash flows</b>		
Net cash (used) provided by:		
Operating activities	\$ 3,002,869	\$ (15,270,214)
Noncapital financing activities		144,570
Investing activities	<u>(39,479)</u>	<u>18,888,636</u>
Beginning cash and cash equivalents	<u>18,537,483</u>	<u>14,774,491</u>
Ending cash and cash equivalents	<u>\$ 21,500,873</u>	<u>\$ 18,537,483</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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**Measurement Focus and Basis of Accounting**

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

**Operating and Nonoperating Revenues and Expenses**

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

**Cash and Cash Equivalents**

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

**Investments**

Investments are valued at fair value.

**Inventories**

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

**Capital Assets**

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

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

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

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

**Deferred Outflows/Inflows of Resources**

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

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

**Accrued Vacation Costs**

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

**Unearned Revenues**

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

**Pensions**

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

**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, 2021 AND 2020**

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**Scholarship Allowances**

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

**Use of Estimates**

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

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**3. CASH AND INVESTMENTS**

**Cash and cash equivalents**

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

	<u>2021</u>	<u>2020</u>
Cash and short-term investments on deposit with the State Treasurer	\$2,626,377,157	\$2,566,176,772
Demand and time deposits	55,231,368	67,319,233
Total	<u>\$2,681,608,525</u>	<u>\$2,633,496,005</u>

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

As of June 30, 2021 and 2020, the carrying amount of the System's demand and time deposits was \$55,231,368 and \$67,319,233, respectively, as compared to bank balances of \$55,982,611 and \$69,315,775, respectively. The difference is primarily due to items in-transit. Of the bank balances, \$22,612,438 and \$28,886,369 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 \$33,370,173 and \$40,429,406 was uninsured and uncollateralized as of June 30, 2021 and 2020, 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.
- Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

	<u>2021</u>	<u>2020</u>
Money market accounts – endowment fund uninvested cash	\$ 47,280	\$ 47,280
Money market accounts – unspent proceeds of debt	<u>104,272,109</u>	<u>62,086,522</u>
Total	<u>\$104,319,389</u>	<u>\$ 62,133,802</u>

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

**Investments**

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

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

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

The System discloses investment risks as follows:

**Interest rate risk**

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

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

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**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>2021</u>	<u>2020</u>
Corporate debt	\$ 7,200	\$ 7,200
Corporate equities	168,522	70,808
Assets invested with USMF	436,634,116	354,476,432
Total	<u>\$436,809,838</u>	<u>\$354,554,440</u>

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

	<u>2021</u>	<u>2020</u>
Pure endowments	\$163,188,947	\$135,000,918
Funds functioning as endowments	267,938,504	215,047,372
Term endowments	5,682,387	4,506,150
Total	<u>\$436,809,838</u>	<u>\$354,554,440</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, 2021 AND 2020**

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 \$120,257,499 and \$93,282,678 as of June 30, 2021 and 2020, 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, 2021 and 2020 income attributed to unrestricted funds and restricted funds was:

	<u>2021</u>	<u>2020</u>
Unrestricted funds	\$ 69,981,896	\$ 81,333,996
Restricted funds	38,730,693	6,127,096
Total	<u>\$108,712,589</u>	<u>\$ 87,461,092</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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**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, 2021 and 2020, 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 \$168,522 and \$70,808 that are classified as level 1 investments.

As of June 30, 2021 and 2020, respectively, System other investments include partnership interests of \$19,381,766 and \$14,542,100 that are classified as level 3 investments. As of June 30, 2021 and 2020, respectively, other investments include mutual funds and short-term securities of \$21,126,640 and \$20,457,409 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, 2021 AND 2020**

The following table shows the USMF's investments using the three-level fair value hierarchy as of June 30, 2021:

<b>Investments by fair value level</b>	<b>June 30, 2021</b>	<b>Fair Value Measurements</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds and short-term investments	\$ 76,435,000	\$ 76,435,000		
ETF's and mutual funds	308,146,000	308,146,000		
Common stock	20,930,000	20,930,000		
Separately managed accounts	416,205,000		\$ 334,252,000	\$ 81,953,000
<b>Total investments by fair value level</b>	<b>821,716,000</b>	<b>\$ 405,511,000</b>	<b>\$ 334,252,000</b>	<b>\$ 81,953,000</b>
<b>Investments measured at net asset value (NAV)</b>				
Intermediate assets	175,036,000			
Public equity	328,941,000			
Liquid credit	68,712,000			
Diversifying strategies	82,368,000			
Private risk assets	618,447,000			
<b>Total investments measured at NAV</b>	<b>1,273,504,000</b>			
Total investments	2,095,220,000			
Due to other System component units	(1,097,503,000)			
Total USMF investments reported	997,717,000			
Due to the System	(436,634,116)			
<b>Total USMF investments</b>	<b>\$ 561,082,884</b>			

System component unit investments managed by the USMF of \$1,097,503,000 were eliminated from the USMF financial statements as of June 30, 2021.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

<b>Investments by fair value level</b>	<b>June 30, 2020</b>	<b>Fair Value Measurements</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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
<b>Total investments by fair value level</b>	<b>713,853,000</b>	<b>\$ 370,979,000</b>	<b>\$ 253,808,000</b>	<b>\$ 89,066,000</b>
<b>Investments measured at net asset value (NAV)</b>				
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			
<b>Total investments measured at NAV</b>	<b>909,948,000</b>			
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)			
<b>Total USMF investments</b>	<b>\$ 444,005,568</b>			

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, 2021 AND 2020**

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**Investments measured at net asset value**

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

Due to the limited availability of valuation data as of the USMF's year-end, management utilizes the most recent NAV or ownership percentage which may be on a month to quarter lag. Management adjusts the net asset value or ownership percentage to be more representative of the year-end fair value by including capital contributions, and redemptions or returns of capital during the gap period. Management will also adjust for known performance adjustments for private investments that hold publicly traded securities. Performance adjustments ranged from 0.38% to 5.95% for those investments on a one-month lag. No performance adjustments are made to investments on a quarter lag given the unobservability of investment performance at the time of report issuance.

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

As of June 30, 2021 and 2020, unfunded commitments within the private investments measured at NAV equaled approximately \$337 million and \$328 million, respectively.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

Accounts receivable as of June 30, 2021 and 2020, were comprised of:

	<u>2021</u>	<u>2020</u>
Tuition and fees	\$ 99,395,799	\$ 93,693,220
Contracts and grants	252,376,815	266,201,266
Other	8,002,635	5,886,058
Subtotal	359,775,249	365,780,544
Less: allowance for doubtful accounts receivable	(26,253,386)	(22,528,908)
Accounts receivable, net	<u>\$333,521,863</u>	<u>\$343,251,636</u>

Notes receivable as of June 30, 2021 and 2020, were comprised of:

	<u>2021</u>	<u>2020</u>
Student loans	\$ 33,305,196	\$ 39,951,686
Business development loans	5,530,619	5,695,161
Subtotal	38,835,815	45,646,847
Less: allowance for doubtful accounts receivable	(15,890,142)	(17,911,939)
Notes receivable, net	<u>\$ 22,945,673</u>	<u>\$ 27,734,908</u>

Accounts payable and accrued liabilities as of June 30, 2021 and 2020, were comprised of:

	<u>2021</u>	<u>2020</u>
Payroll and benefits	\$140,506,773	\$131,660,719
Suppliers and contractors	140,193,717	138,858,319
Accrued interest payable	11,877,023	10,998,782
Asset retirement obligations	14,362,626	16,165,952
Other	57,365,516	50,949,973
Accounts payable and accrued liabilities	<u>\$364,305,655</u>	<u>\$348,633,745</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Major component units**

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

As of June 30, 2021 and 2020, contributions receivable were due as follows:

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

<b>Due</b>	<b>Discount Rates</b>	<b>2021</b>	<b>2020</b>
Within one year	Not applicable	\$ 478,000	\$ 1,466,000
One to five years	4.25%	4,464,000	6,544,000
Subtotal		4,942,000	8,010,000
Less: pledge discount		(421,000)	(665,000)
Net contributions receivable		<u>\$ 4,521,000</u>	<u>\$ 7,345,000</u>

**University of Maryland, College Park Foundation, Inc.**

<b>Due</b>	<b>Discount Rates</b>	<b>2021</b>	<b>2020</b>
Within one year	Not applicable	\$ 85,516,595	\$ 103,746,930
Two to five years	2.11% - 2.18%	54,536,877	51,579,925
More than five years	3.25%	3,698,090	5,591,403
Subtotal		143,751,562	160,918,258
Less: allowance for doubtful accounts		(11,761,784)	(10,673,109)
Less: pledge discount		(3,112,242)	(4,526,497)
Net contributions receivable		<u>\$128,877,536</u>	<u>\$145,718,652</u>

**University of Maryland, Baltimore Foundation, Inc.**

<b>Due</b>	<b>Discount Rates</b>	<b>2021</b>	<b>2020</b>
Within one year	Not applicable	\$ 28,388,293	\$ 26,327,798
One to five years	0.18% - 0.46%	19,489,123	11,206,723
More than five years	0.18% - 0.46%	202,000	468,176
Subtotal		48,079,416	38,002,697
Less: allowance for doubtful accounts		(2,118,011)	(2,089,826)
Less: pledge discount		(352,701)	(453,865)
Net contributions receivable		<u>\$ 45,608,704</u>	<u>\$ 35,459,006</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2021 and 2020:

	June 30, 2019	Additions	Decreases	June 30, 2020	Additions	Decreases	June 30, 2021
<b>Capital assets being depreciated:</b>							
Infrastructure & land improvements	\$ 476,503,148	\$ 42,576,443	\$ 868,697	\$ 518,210,894	\$ 7,335,230		\$ 525,546,124
Buildings & improvements	8,553,466,793	271,840,251	3,861,618	8,821,445,426	566,561,095	\$ 202,506	9,387,804,015
Contents	1,545,274,111	104,293,151	31,769,739	1,617,797,523	68,994,063	11,239,681	1,675,551,905
Buildings recorded under capital lease agreements	14,629,140	4,068,624		18,697,764			18,697,764
<b>Total capital assets being depreciated</b>	<b>10,589,873,192</b>	<b>422,778,469</b>	<b>36,500,054</b>	<b>10,976,151,607</b>	<b>642,890,388</b>	<b>11,442,187</b>	<b>11,607,599,808</b>
<b>Less accumulated depreciation for:</b>							
Infrastructure & land improvements	280,137,705	20,368,390	868,697	299,637,398	22,397,083		322,034,481
Buildings & improvements	3,332,395,263	238,858,922	2,057,583	3,569,196,602	262,587,370	390,004	3,831,393,968
Contents	1,190,752,854	86,333,162	29,092,329	1,247,993,687	83,478,861	9,582,651	1,321,889,897
Buildings recorded under capital lease agreements	11,343,503	1,349,923		12,693,426	1,212,048		13,905,474
<b>Total accumulated depreciation</b>	<b>4,814,629,325</b>	<b>346,910,397</b>	<b>32,018,609</b>	<b>5,129,521,113</b>	<b>369,675,362</b>	<b>9,972,655</b>	<b>5,489,223,820</b>
<b>Total capital assets being depreciated, net</b>	<b>5,775,243,867</b>	<b>75,868,072</b>	<b>4,481,445</b>	<b>5,846,630,494</b>	<b>273,215,026</b>	<b>1,469,532</b>	<b>6,118,375,988</b>
<b>Capital assets not being depreciated:</b>							
Land	176,721,202	6,122,719		182,843,921	3,863,196		186,707,117
Contents	32,220,767	237,450	280,250	32,177,967	120,400		32,298,367
Construction in progress	649,216,316	411,031,852	295,866,546	764,381,622	461,719,798	474,182,074	751,919,346
<b>Total capital assets not being depreciated</b>	<b>858,158,285</b>	<b>417,392,021</b>	<b>296,146,796</b>	<b>979,403,510</b>	<b>465,703,394</b>	<b>474,182,074</b>	<b>970,924,830</b>
<b>Capital assets, net</b>	<b>\$ 6,633,402,152</b>	<b>\$ 493,260,093</b>	<b>\$ 300,628,241</b>	<b>\$ 6,826,034,004</b>	<b>\$ 738,918,420</b>	<b>\$ 475,651,606</b>	<b>\$ 7,089,300,818</b>

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**UNIVERSITY SYSTEM OF MARYLAND****NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020****7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The composition of deferred outflows of resources as of June 30, 2021 and 2020, was summarized as follows:

	<u>2021</u>	<u>2020</u>
Unamortized loss on refundings of debt	\$ 9,376,625	\$ 12,109,985
Deferred outflows related to asset retirement obligations	12,276,398	12,801,865
Deferred outflows related to the pension liability	373,714,162	390,016,497
Total deferred outflows of resources	<u>\$395,367,185</u>	<u>\$414,928,347</u>

The composition of deferred inflows of resources as of June 30, 2021 and 2020, was summarized as follows:

	<u>2021</u>	<u>2020</u>
Deferred service concession arrangement receipts	\$233,863,349	\$252,219,390
Deferred inflows related to the pension liability	78,780,716	109,755,858
Total deferred inflows of resources	<u>\$312,644,065</u>	<u>\$361,975,248</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, 2021 AND 2020**

As of June 30, 2021 and 2020, the following amounts associated with service concession arrangements were reflected on the Statement of Net Position:

	<u>2021</u>	<u>2020</u>
Capital assets, net – Buildings & improvements	\$278,514,140	\$292,405,102
Deferred service concession arrangement receipts	233,863,349	252,219,390

**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 \$12,276,398 and \$14,165,952 as of June 30, 2021 and 2020, respectively. The reactor had a remaining useful life of 18 years as of June 30, 2021.

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, 2021 and 2020.

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, 2021 and 2020.

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 \$14,362,626 and \$16,165,952, as of June 30, 2021 and 2020, 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, 2021 AND 2020**

**10. RESTRICTED NET POSITION**

Restricted net position as of June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Nonexpendable		
Scholarships and fellowships	\$ 18,367,468	\$ 17,585,035
Research	7,636,277	7,210,176
Other	16,927,705	16,923,030
Total restricted nonexpendable net position	<u>\$ 42,931,450</u>	<u>\$ 41,718,241</u>
Expendable		
Scholarships and fellowships	\$ 46,303,581	\$ 36,878,144
Research	62,227,723	80,563,068
Loans	34,623,545	40,243,558
Capital projects	3,659,537	9,023,201
Other	34,807,012	29,784,078
Total restricted expendable net position	<u>\$181,621,398</u>	<u>\$196,492,049</u>

**Major component units**

Net assets with donor restrictions as of June 30, 2021, were as follows:

	<u>University System of Maryland Foundation, Inc.</u>	<u>University of Maryland College Park Foundation, Inc.</u>	<u>University of Maryland Baltimore Foundation, Inc.</u>
Scholarships & fellowships	\$ 191,808,000	\$ 244,641,881	\$ 85,134,314
Research	23,572,000	25,098,848	14,557,638
Other	178,418,000	585,791,864	287,232,997
Total net assets with donor restrictions	<u>\$ 393,798,000</u>	<u>\$ 855,532,593</u>	<u>\$ 386,924,949</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

	<b>University System of Maryland Foundation, Inc.</b>	<b>University of Maryland College Park Foundation, Inc.</b>	<b>University of Maryland Baltimore Foundation, Inc.</b>
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>

**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, 2021 and 2020, revenue bonds and notes payable consisted of the following:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Revenue Bonds, net	\$1,306,837,678	\$1,172,223,260
Other	11,607,557	15,243,544
Revenue bonds and notes payable, net	<u>\$1,318,445,235</u>	<u>\$1,187,466,804</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Auxiliary Facility and Tuition Revenue Bonds**

As of June 30, 2021, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Principal Outstanding</b>
2012 Refunding Series A & B	2.00% - 3.25%	2022-2024	\$ 13,145,000
2012 Series C & D	2.00% - 5.00%	2021-2032	69,900,000
2014 Series A	3.00% - 5.00%	2022-2028	49,475,000
2015 Series A	3.00% - 5.00%	2022-2028	40,275,000
2016 Series A	3.00% - 5.00%	2022-2036	116,625,000
2016 Refunding Series B	2.375% - 5.00%	2022-2030	52,385,000
2017 Series A	4.00% - 5.00%	2022-2037	100,250,000
2017 Refunding Series B	5.00%	2022-2023	13,405,000
2018 Series A	3.00% - 5.00%	2022-2038	104,035,000
2019 Series A	3.00% - 5.00%	2022-2039	106,135,000
2019 Refunding Series B	5.00%	2022-2029	38,080,000
2019 Refunding Series C	3.00% - 5.00%	2022-2030	107,965,000
2021 Series A	4.00% - 5.00%	2022-2051	237,285,000
2021 Refunding Series B	0.15% - 1.79%	2022-2034	108,530,000
Subtotal			1,157,490,000
Unamortized discounts and premiums			149,347,678
Revenue Bonds, net			<u>\$1,306,837,678</u>

Revenue Bonds have been issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Revenue Bonds. Pursuant to the Indenture of Trust, the System has agreed to charge and collect tuition revenues and net auxiliary facility fees in an amount that is not less than 200% of the maximum future annual debt service on Revenue Bonds. For the current year, principal and interest paid and total tuition and auxiliary facility fees were \$129,230,101 and \$2,147,771,312, respectively.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

Revenue Bonds issued during the years ended June 30, 2021 and 2020, including the results of any refinancing of outstanding debt, were as follows:

<b>Debt issuance</b>	<b>Date of issue</b>	<b>Par value of debt issued</b>	<b>Premium on issuance</b>	<b>Par value of debt refunded</b>	<b>Reduction in future debt service</b>	<b>Deferred gain / (loss) on refunding</b>	<b>Economic gain</b>
2021 Series A	2/24/2021	\$ 237,285,000	\$ 58,422,271	\$ 52,200,000	\$ 7,509,595	\$ 1,976,661	\$ 6,935,086
2021 Refunding Series B (Taxable)	2/24/2021	108,530,000		98,605,000	11,290,295	(2,265,189)	10,238,461

As of June 30, 2021, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$149,347,678.

As of June 30, 2021 and 2020, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$103,435,020 and \$62,086,522, respectively.

**UNIVERSITY SYSTEM OF MARYLAND****NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020****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, 2021, 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	
2022	\$ 87,745,000	\$ 47,390,294	\$ 4,435,951	\$ 158,835	\$ 139,730,080
2023	90,235,000	42,147,594	3,296,859	102,211	135,781,664
2024	87,500,000	38,075,234	3,081,939	44,278	128,701,451
2025	79,895,000	34,178,132	471,204		114,544,336
2026	79,730,000	30,680,177	160,802		110,570,979
2027 - 2031	368,135,000	103,682,744	160,802		471,978,546
2032 - 2036	217,045,000	49,105,693			266,150,693
2037 - 2041	82,270,000	20,188,263			102,458,263
2042 - 2046	28,315,000	10,831,800			39,146,800
2047 - 2051	36,620,000	4,538,800			41,158,800
Total	<u>\$1,157,490,000</u>	<u>\$ 380,818,731</u>	<u>\$ 11,607,557</u>	<u>\$ 305,324</u>	<u>\$1,550,221,612</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, 2021 AND 2020**

Future minimum payments on obligations under capital lease agreements as of June 30, 2021, are as follows:

<u>Years ending June 30,</u>	<u>Total</u>
2022	\$ 3,647,025
2023	2,387,924
2024	2,390,226
2025	2,392,552
2026	2,394,902
2027 - 2031	12,010,573
2032 - 2036	12,072,924
2037 - 2041	9,601,394
2042 - 2046	<u>985,564</u>
Total future lease payments	47,883,084
Less: Interest component	<u>(9,222,732)</u>
Obligations under capital lease agreements	<u><u>\$ 38,660,352</u></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, 2021, are as follows:

<u>Years ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2022	\$ 20,780,146
2023	18,772,100
2024	17,228,056
2025	15,774,208
2026	9,567,374
2027 - 2031	<u>17,539,645</u>
Total	<u><u>\$ 99,661,529</u></u>

Operating lease expenditures for the years ended June 30, 2021 and 2020, were \$22,583,713 and \$18,722,991, respectively.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**13. AUXILIARY ENTERPRISES**

Auxiliary enterprises revenues for the years ended June 30, 2021 and 2020, were as follows:

	<u>2021</u>		<u>2020</u>	
Residential facilities	\$108,811,825		\$166,289,368	
Less: scholarship allowances	<u>(6,506,601)</u>	\$102,305,224	<u>(9,619,728)</u>	\$156,669,640
Dining facilities	50,868,506		105,895,827	
Less: scholarship allowances	<u>(3,155,203)</u>	47,713,303	<u>(4,905,838)</u>	100,989,989
Intercollegiate athletics	86,556,363		124,374,286	
Less: scholarship allowances	<u>(6,166,541)</u>	80,389,822	<u>(6,267,635)</u>	118,106,651
Bookstore	11,706,188		13,692,645	
Less: scholarship allowances	<u>(1,393,925)</u>	10,312,263	<u>(1,531,320)</u>	12,161,325
Parking facilities	23,998,707		36,825,497	
Less: scholarship allowances	<u>(149,932)</u>	23,848,775	<u>(136,669)</u>	36,688,828
Other	128,285,524		132,783,243	
Less: scholarship allowances	<u>(58,014)</u>	128,227,510	<u>(37,181)</u>	132,746,062
Total auxiliary enterprises revenues		<u>\$392,796,897</u>		<u>\$557,362,495</u>

Auxiliary enterprises expenses for the years ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Residential facilities	\$156,860,896	\$184,119,860
Dining facilities	70,506,748	115,170,982
Intercollegiate athletics	108,209,011	138,171,000
Bookstore	13,706,606	14,773,008
Parking facilities	25,233,098	34,280,720
Other	<u>123,268,514</u>	<u>138,835,403</u>
Total auxiliary enterprises expenses	<u>\$497,784,873</u>	<u>\$625,350,973</u>

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Audit Committee Meeting - Open Session Agenda

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

**14. CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the years ended June 30, 2021 and 2020, were as follows:

	June 30, 2019	Additions	Decreases	June 30, 2020	Additions	Decreases	June 30, 2021	Due Within One Year
Accrued vacation costs	\$ 227,508,758	\$ 135,425,575	\$ 87,806,106	\$ 275,128,227	\$ 134,101,331	\$ 103,443,146	\$ 305,786,412	\$ 129,718,324
Accrued workers' compensation	28,733,000	9,389,272	5,550,272	32,572,000	987,788	1,598,788	31,961,000	4,794,150
Revenue bonds and notes payable, net	1,299,016,084	129,975,301	241,524,581	1,187,466,804	404,785,325	273,806,894	1,318,445,235	92,180,951
Obligations under capital lease agreements	4,497,359	11,540,774	1,855,169	14,182,964	27,500,000	3,022,612	38,660,352	2,768,159
Net pension liability	1,309,998,345	34,434,943		1,275,563,402	119,581,540		1,395,144,942	
<b>Total long-term liabilities</b>	<b>\$ 2,869,753,546</b>	<b>\$ 251,895,979</b>	<b>\$ 336,736,128</b>	<b>\$ 2,784,913,397</b>	<b>\$ 686,955,984</b>	<b>\$ 381,871,440</b>	<b>\$ 3,089,997,941</b>	<b>\$ 229,461,584</b>

**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, 2021 and 2020, were as follows:

	2021				2020			
	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$ 1,239,088,949	\$ 114,481,557	\$ 66,573,984	\$ 1,420,144,490	\$ 1,213,418,998	\$ 124,497,722	\$ 64,155,188	\$ 1,402,071,908
Research	663,237,268	354,963,871	32,564,739	1,050,765,878	652,999,712	357,551,264	29,071,145	1,039,622,121
Public service	428,222,671	141,681,042	6,091,671	575,995,384	401,023,089	114,443,863	6,132,058	521,599,010
Academic support	370,883,806	114,362,662	35,458,468	520,704,936	367,479,854	123,456,387	36,394,177	527,330,418
Student services	207,499,286	110,771,414	8,100,205	326,370,905	196,328,840	116,605,687	8,487,033	321,421,560
Institutional support	435,326,323	125,400,013	17,634,515	578,360,851	428,688,504	98,725,115	16,565,938	543,979,557
Operation and maintenance of plant	161,863,690	154,778,582	84,878,213	401,520,485	166,157,212	164,209,284	71,633,876	402,000,372
Scholarships and fellowships	6,234,293	166,922,825		173,157,118	8,314,241	128,992,837		137,307,078
Auxiliary enterprises:								
Residential facilities	48,252,286	46,543,546	62,065,064	156,860,896	52,888,628	71,601,837	59,629,395	184,119,860
Dining facilities	29,590,153	32,894,808	8,021,787	70,506,748	41,744,607	66,077,750	7,348,625	115,170,982
Intercollegiate athletics	69,071,284	27,364,358	11,773,369	108,209,011	71,126,264	56,567,280	10,477,456	138,171,000
Bookstore	3,765,732	8,070,742	1,870,132	13,706,606	4,073,747	10,673,926	25,335	14,773,008
Parking facilities	11,353,205	10,097,674	3,782,219	25,233,098	18,693,409	9,240,238	6,347,073	34,280,720
Other auxiliary enterprises	61,740,050	30,667,468	30,860,996	123,268,514	61,646,472	46,545,833	30,643,098	138,835,403
<b>Total</b>	<b>\$ 3,736,128,996</b>	<b>\$ 1,439,000,562</b>	<b>\$ 369,675,362</b>	<b>\$ 5,544,804,920</b>	<b>\$ 3,684,583,577</b>	<b>\$ 1,489,189,023</b>	<b>\$ 346,910,397</b>	<b>\$ 5,520,682,997</b>

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**UNIVERSITY SYSTEM OF MARYLAND****NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020****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/](http://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, 2021 AND 2020**

**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, 2021 and 2020, was \$149,169,018 and \$140,862,090, 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, 2021 and 2020, the System reported a liability of \$1,395,144,942 and \$1,275,563,402, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, 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, 2021 and 2020, the System's proportion for the net pension liability was 6.61% and 6.61%, respectively.

For the years ended June 30, 2021 and 2020, the System recognized pension expense of \$254,077,752 and \$237,081,657, respectively. As of June 30, 2021 and 2020, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 6,314,770	\$ 27,300,397	\$ 17,614,082	\$ 34,714,953
Net difference between projected and actual earnings on pension plan investments	106,787,157		28,437,385	
Contributions made subsequent to the measurement date	149,169,018		140,862,090	
Change in proportionate share	111,443,217		203,102,940	
Difference between actual and expected experience		51,480,319		75,040,905
Total	<u>\$373,714,162</u>	<u>\$ 78,780,716</u>	<u>\$390,016,497</u>	<u>\$109,755,858</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

The System reported \$149,169,018 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, 2022.

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

Years ending June 30,	Deferred outflows	Deferred inflows
2022	\$ 90,866,800	\$ 29,809,149
2023	74,531,666	25,355,072
2024	33,459,146	15,939,549
2025	25,687,532	7,424,479
2026		252,467
Total	<u>\$224,545,144</u>	<u>\$ 78,780,716</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 \$1,395,144,942. 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 \$1,986,214,516, or 1-percentage-point higher (8.40 percent) is \$902,839,258.

**Optional Retirement Program**

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

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

State legislation provides that the System contribute 7.25 percent of covered employees' annual salaries each month. The employee does not have to contribute to the plan in order to receive the System's contribution. The System's contribution along with that of the employee is immediately and fully vested. Payroll for employees covered in the ORP for the years ended June 30, 2021 and 2020, was \$1,460,655,116 and \$1,362,372,442, respectively.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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The amount contributed by the System for employees participating in the ORP for the years ended June 30, 2021 and 2020 was \$105,897,496 and \$98,772,002, respectively.

**Major Component Units**

The USMF maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The USMF contributes 7.25 percent of the employees' compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the years ended June 30, 2021 and 2020, was approximately \$252,000 and \$237,000, 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](http://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, 2021 AND 2020**

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**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, 2021, 2020, and 2019. The amount contributed for the years ended June 30, 2021, 2020, and 2019 was \$89,821,855, \$86,698,017, and \$87,680,958 respectively.

**18. CONSTRUCTION COMMITMENTS**

The estimated costs to complete construction in progress as of June 30, 2021 is \$415,196,000 of which \$132,480,000 is to be funded from Revenue Bond proceeds, \$213,442,000 is to be derived from State capital appropriations and grants, and \$69,274,000 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, 2021, the System had entered into open contracts for the purchase of \$4,964,724 of natural gas to be delivered through June 2022. Future purchase commitments for electricity to be supplied through June 2022 totaled \$40,832,043 as of June 30, 2021. 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, 2021, 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, 2021 AND 2020**

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**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, 2021 and 2020. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, the System has recorded \$31,961,000 and \$32,572,000, in liabilities associated with workers' compensation, respectively.

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**REQUIRED SUPPLEMENTARY INFORMATION**

Audit Committee Meeting - Open Session Agenda

UNIVERSITY SYSTEM OF MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2021 AND 2020

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

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

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

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

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

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

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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**SUPPLEMENTARY DATA**

UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 434,979,999	\$ 3,186,787	\$ 401,564,260	\$ 2,952,269
Accounts receivable, net	124,164,062	26,514,957	111,584,033	24,413,320
Notes receivable, current portion, net	1,024,311		1,182,381	
Inventories	152,696		88,613	
Prepaid expenses and other		92,051	531,582	32,803
Inter-institutional balances	(262,109)		(4,520,047)	
<b>Total current assets</b>	<b>560,058,959</b>	<b>29,793,795</b>	<b>510,430,822</b>	<b>27,398,392</b>
<b>Noncurrent assets</b>				
Accounts receivable, net		19,188,579		11,143,393
Endowment investments	134,729,466	321,598,020	111,540,588	247,168,684
Other investments	2,669,797	219,290,288	1,917,365	190,004,378
Notes receivable, net	8,715,333		10,262,161	
Other assets		5,446,249		5,000,737
Capital assets, net	844,620,812		866,456,399	
<b>Total noncurrent assets</b>	<b>990,735,408</b>	<b>565,523,136</b>	<b>990,176,513</b>	<b>453,317,192</b>
<b>Total assets</b>	<b>1,550,794,367</b>	<b>595,316,931</b>	<b>1,500,607,335</b>	<b>480,715,584</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	80,766,386		84,298,502	
<b>Total assets and deferred outflows of resources</b>	<b>\$1,631,560,753</b>	<b>\$ 595,316,931</b>	<b>\$1,584,905,837</b>	<b>\$ 480,715,584</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 66,475,376	\$ 1,995,661	\$ 60,259,190	\$ 1,872,018
Accrued workers' compensation, current portion	1,510,950		1,460,100	
Accrued vacation costs, current portion	49,444,773		47,241,622	
Revenue bonds and notes payable, current portion	7,216,424		10,794,619	
Unearned revenues	72,067,627		61,687,225	
<b>Total current liabilities</b>	<b>196,715,150</b>	<b>1,995,661</b>	<b>181,442,756</b>	<b>1,872,018</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	8,562,050		8,273,900	
Accrued vacation costs	64,230,117		54,026,636	
Endowments invested on behalf of primary government		134,729,466		111,540,588
Other payables		2,298,669		2,202,594
Revenue bonds and notes payable	62,742,022		62,157,149	
Net pension liability	300,711,599		274,403,660	
<b>Total noncurrent liabilities</b>	<b>436,245,788</b>	<b>137,028,135</b>	<b>398,861,345</b>	<b>113,743,182</b>
<b>Total liabilities</b>	<b>632,960,938</b>	<b>139,023,796</b>	<b>580,304,101</b>	<b>115,615,200</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	36,714,900		45,281,397	
<b>NET POSITION</b>				
Unrestricted	111,923,580	50,368,798	100,245,408	48,187,710
Net investment in capital assets	754,924,316		772,405,108	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	9,595,637		9,556,077	
Research	4,039,391		3,614,391	
Other	10,297,751		10,297,251	
Expendable:				
Scholarships and fellowships	30,526,198		24,958,430	
Research	6,102,798		3,159,662	
Loans	14,511,938		16,458,728	
Other	19,963,306		18,625,284	
Net assets with donor restrictions		405,924,337		316,912,674
<b>Total net position</b>	<b>961,884,915</b>	<b>456,293,135</b>	<b>959,320,339</b>	<b>365,100,384</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$1,631,560,753</b>	<b>\$ 595,316,931</b>	<b>\$1,584,905,837</b>	<b>\$ 480,715,584</b>

**UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 168,955,742		\$ 164,339,175	
Less: scholarship allowances	<u>(37,414,923)</u>	\$ 131,540,819	<u>(32,534,795)</u>	\$ 131,804,380
Federal grants and contracts		318,018,438		310,302,030
State and local grants and contracts		95,662,524		96,629,202
Nongovernmental grants and contracts		128,221,678		100,538,392
Sales and services of educational departments		328,575,068		293,043,185
Auxiliary enterprises:				
Residential facilities		2,205,256		2,471,821
Parking facilities		10,162,196		12,882,677
Other auxiliary enterprises revenues		<u>12,011,317</u>		<u>13,432,265</u>
<b>Total operating revenues</b>		<u>1,026,397,296</u>		<u>961,103,952</u>
<b>OPERATING EXPENSES</b>				
Instruction		200,446,342		198,839,982
Research		400,272,255		385,247,961
Public service		413,990,505		368,983,955
Academic support		66,046,486		68,426,020
Student services		15,524,243		13,609,800
Institutional support		103,429,699		99,749,483
Operation and maintenance of plant		104,218,790		96,761,290
Scholarships and fellowships		336,032		644,632
Auxiliary enterprises:				
Residential facilities		1,842,277		1,853,964
Parking facilities		8,178,558		9,521,969
Other auxiliary enterprises expenses		<u>13,253,717</u>		<u>14,214,986</u>
<b>Total operating expenses</b>		<u>1,327,538,904</u>		<u>1,257,854,042</u>
<b>Operating loss</b>		<u>(301,141,608)</u>		<u>(296,750,090)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		244,296,504		252,312,068
Pell grants		1,148,502		1,128,374
Other nonoperating grants		8,553,386		11,909,188
Gifts		19,772,451	\$ 45,329,805	18,657,125
Investment income	31,691,326		68,582,911	8,861,544
Less: investment expense	<u>(518,671)</u>	31,172,655	<u>(468,566)</u>	8,392,978
Interest on indebtedness		(2,057,114)		(2,371,905)
Other revenues, (expenses), gains and (losses)		(64,653)		(2,115,009)
Other affiliated foundation revenues			205,994	454,964
Other affiliated foundation expenses			(22,925,959)	(28,744,546)
Transfers (to) other University System of Maryland institutions		<u>(3,264,765)</u>		<u>(4,918,179)</u>
<b>Total nonoperating revenues</b>		<u>299,556,966</u>	<u>91,192,751</u>	<u>282,994,640</u>
<b>Income (loss) before other revenues</b>		<u>(1,584,642)</u>	<u>91,192,751</u>	<u>(13,755,450)</u>
<b>OTHER REVENUES</b>				
Capital appropriations		3,684,159		3,648,277
Additions to endowments		<u>465,059</u>		<u>1,912,150</u>
<b>Total other revenues</b>		<u>4,149,218</u>		<u>5,560,427</u>
<b>Increase (decrease) in net position</b>		<u>2,564,576</u>	<u>91,192,751</u>	<u>(8,195,023)</u>
<b>Net position - beginning of year</b>		<u>959,320,339</u>	<u>365,100,384</u>	<u>967,515,362</u>
<b>Change in reporting entity</b>				<u>(3,198,348)</u>
<b>Net position - end of year</b>		<u>\$ 961,884,915</u>	<u>\$ 456,293,135</u>	<u>\$ 959,320,339</u>
				<u>\$ 365,100,384</u>

**UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 136,169,109	\$ 126,543,412
Research contracts and grants	537,178,601	482,117,387
Payments to employees	(898,356,719)	(864,698,301)
Payments to suppliers and contractors	(313,978,081)	(301,575,315)
Loans issued to students	(817,550)	(1,106,250)
Collection of loans to students	2,272,329	2,752,068
Auxiliary enterprises:		
Residential facilities	453,290	719,854
Parking facilities	10,162,196	12,882,677
Other	11,959,709	13,494,154
Other receipts	<u>342,175,335</u>	<u>318,333,465</u>
<b>Net cash provided (used) by operating activities</b>	<u>(172,781,781)</u>	<u>(210,536,849)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	244,296,504	252,312,068
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	465,059	212,150
Pell grants	1,148,502	1,128,374
Student direct lending payments	(140,926,669)	(142,957,417)
Student direct lending receipts	140,926,669	142,957,417
Other nonoperating grants	<u>8,412,822</u>	<u>11,433,018</u>
<b>Net cash provided by noncapital financing activities</b>	<u>254,322,887</u>	<u>265,085,610</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	11,760,644	3,415,341
Capital appropriations	7,921,106	3,648,277
Proceeds from sales of capital assets	20,007	2,598,414
Purchases of capital assets	(50,985,028)	(61,544,941)
Principal paid on debt and capital leases	(18,311,027)	(12,761,608)
Interest paid on debt and capital leases	(3,108,257)	(3,171,891)
Transfers (to) other University System of Maryland institutions	<u>(2,654,157)</u>	<u>(7,024,627)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(55,356,712)</u>	<u>(74,841,035)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	7,330,489	5,589,759
Interest on investments	1,597,336	7,844,977
Investment expense	(518,671)	(468,566)
Purchases of investments	<u>(1,177,809)</u>	<u>(537,150)</u>
<b>Net cash provided by investing activities</b>	<u>7,231,345</u>	<u>12,429,020</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	33,415,739	(7,863,254)
<b>Cash and cash equivalents - beginning of year</b>	<u>401,564,260</u>	<u>409,427,514</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 434,979,999</u>	<u>\$ 401,564,260</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 793,872,527	\$ 31,170,909	\$ 786,086,496	\$ 55,202,291
Accounts receivable, net	91,018,549	79,511,243	124,217,360	97,580,231
Notes receivable, current portion, net	953,784		419,304	
Inventories	2,611,657		2,833,043	
Prepaid expenses and other	2,348,090	147,853	2,714,420	122,631
Inter-institutional balances	(1,868,428)		(12,223,499)	
<b>Total current assets</b>	<b>888,936,179</b>	<b>110,830,005</b>	<b>904,047,124</b>	<b>152,905,153</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	10,459,391		10,421,194	
Accounts receivable, net		51,274,043		49,262,244
Endowment investments	212,074,011	731,105,356	170,333,695	553,468,612
Other investments	13,330,718	315,133,989	12,105,984	259,548,867
Notes receivable, net	3,495,729		4,696,455	
Other assets		7,055,860		528,571
Capital assets, net	2,342,858,250	21,635,932	2,172,482,524	32,497,263
<b>Total noncurrent assets</b>	<b>2,582,218,099</b>	<b>1,126,205,180</b>	<b>2,370,039,852</b>	<b>895,305,557</b>
<b>Total assets</b>	<b>3,471,154,278</b>	<b>1,237,035,185</b>	<b>3,274,086,976</b>	<b>1,048,210,710</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>136,820,757</b>		<b>144,840,161</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,607,975,035</b>	<b>\$ 1,237,035,185</b>	<b>\$ 3,418,927,137</b>	<b>\$ 1,048,210,710</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 139,110,566	\$ 5,520,905	\$ 141,736,471	\$ 627,644
Accrued workers' compensation, current portion	1,887,450		2,000,850	
Accrued vacation costs, current portion	30,149,612		29,706,483	
Revenue bonds and notes payable, current portion	26,264,762		29,127,989	
Obligations under capital lease agreements, current portion	1,340,711		504,559	
Unearned revenues	179,383,019	1,373,937	191,250,979	926,816
<b>Total current liabilities</b>	<b>378,136,120</b>	<b>6,894,842</b>	<b>394,327,331</b>	<b>1,554,460</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	10,695,550		11,338,150	
Accrued vacation costs	76,558,614		65,336,106	
Endowments invested on behalf of primary government		212,074,011		170,326,495
Other payables		9,173,639		16,566,402
Revenue bonds and notes payable	372,333,201		282,133,890	
Obligations under capital lease agreements	31,995,413		7,012,607	
Net pension liability	465,912,641		425,254,917	
<b>Total noncurrent liabilities</b>	<b>957,495,419</b>	<b>221,247,650</b>	<b>791,075,670</b>	<b>186,892,897</b>
<b>Total liabilities</b>	<b>1,335,631,539</b>	<b>228,142,492</b>	<b>1,185,403,001</b>	<b>188,447,357</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>129,859,719</b>		<b>148,101,383</b>	
<b>NET POSITION</b>				
Unrestricted	238,505,021	30,076,406	230,759,320	25,177,796
Net investment in capital assets	1,806,457,159		1,742,654,884	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	7,537,007		6,794,134	
Research	3,596,886		3,595,785	
Other	5,168,499		5,164,324	
Expendable:				
Scholarships and fellowships	11,772,879		8,815,945	
Research	54,031,395		73,934,445	
Loans	6,192,572		6,958,434	
Other	9,222,359		6,745,482	
Net assets with donor restrictions		978,816,287		834,585,557
<b>Total net position</b>	<b>2,142,483,777</b>	<b>1,008,892,693</b>	<b>2,085,422,753</b>	<b>859,763,353</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,607,975,035</b>	<b>\$ 1,237,035,185</b>	<b>\$ 3,418,927,137</b>	<b>\$ 1,048,210,710</b>

**UNIVERSITY OF MARYLAND, COLLEGE PARK  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 643,266,686		\$ 662,527,116	
Less: scholarship allowances	<u>(129,475,304)</u>	\$ 513,791,382	<u>(116,349,482)</u>	\$ 546,177,634
Federal grants and contracts		353,902,619		372,108,570
State and local grants and contracts		60,631,042		53,377,366
Nongovernmental grants and contracts		118,798,873		114,410,271
Sales and services of educational departments		23,967,613		28,884,271
Auxiliary enterprises:				
Residential facilities	39,627,801		62,735,881	
Less: scholarship allowances	<u>(2,324,762)</u>	37,303,039	<u>(3,337,683)</u>	59,398,198
Dining facilities	20,719,881		46,934,338	
Less: scholarship allowances	<u>(1,106,614)</u>	19,613,267	<u>(1,293,787)</u>	45,640,551
Intercollegiate athletics		48,190,359		80,939,793
Parking facilities		8,352,930		12,841,923
Other auxiliary enterprises revenues		50,469,948		35,291,699
Other operating revenues		<u>23,900,858</u>		<u>33,163,575</u>
<b>Total operating revenues</b>		<u>1,258,921,930</u>		<u>1,382,233,851</u>
<b>OPERATING EXPENSES</b>				
Instruction		582,608,176		575,337,022
Research		496,610,589		502,837,913
Public service		108,727,368		92,956,597
Academic support		222,959,865		231,643,105
Student services		63,695,364		64,583,416
Institutional support		152,215,859		149,645,747
Operation and maintenance of plant		115,398,345		123,862,207
Scholarships and fellowships		50,298,213		34,752,364
Auxiliary enterprises:				
Residential facilities		80,586,767		90,660,078
Dining facilities		37,089,633		59,413,678
Intercollegiate athletics		61,103,869		83,250,668
Parking facilities		7,697,765		14,387,880
Other auxiliary enterprises expenses		<u>47,778,947</u>		<u>64,703,774</u>
<b>Total operating expenses</b>		<u>2,026,770,760</u>		<u>2,088,034,449</u>
<b>Operating loss</b>		<u>(767,848,830)</u>		<u>(705,800,598)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		573,031,421		567,662,254
Pell grants		27,778,967		26,557,634
Other nonoperating grants		55,976,415		26,006,991
Gifts		24,134,391	\$ 103,115,211	29,931,312
Investment income	50,909,994		150,595,747	\$ 80,438,406
Less: investment expense	<u>(728,903)</u>	50,181,091	<u>(659,901)</u>	6,799,189
Interest on indebtedness		(9,225,480)		15,493,309
Other revenues, (expenses), gains and (losses)		(2,752,300)		(9,507,203)
Other affiliated foundation revenues			9,711,638	(3,851,541)
Other affiliated foundation expenses			(114,293,256)	1,753,458
Transfers from other University System of Maryland institutions		<u>24,520,410</u>		<u>(78,432,553)</u>
				<u>3,382,993</u>
<b>Total nonoperating revenues</b>		<u>743,644,915</u>	<u>149,129,340</u>	<u>655,675,749</u>
<b>Income (loss) before other revenues</b>		<u>(24,203,915)</u>	<u>149,129,340</u>	<u>(50,124,849)</u>
<b>OTHER REVENUES</b>				
Capital appropriations		28,414,074		24,993,137
Capital gifts and grants		52,102,716		21,793,203
Additions to endowments		<u>748,149</u>		<u>656,801</u>
<b>Total other revenues</b>		<u>81,264,939</u>		<u>47,443,141</u>
<b>Increase (decrease) in net position</b>		57,061,024	149,129,340	(2,681,708)
<b>Net position - beginning of year</b>		2,085,422,753	859,763,353	2,088,104,461
<b>Change in reporting entity</b>				<u>(17,338,380)</u>
<b>Net position - end of year</b>		<u>\$ 2,142,483,777</u>	<u>\$ 1,008,892,693</u>	<u>\$ 2,085,422,753</u>
				<u>\$ 859,763,353</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 516,068,954	\$ 541,473,680
Research contracts and grants	561,492,536	533,982,322
Payments to employees	(1,358,983,814)	(1,343,297,407)
Payments to suppliers and contractors	(487,809,215)	(538,147,753)
Loans issued to students		(787,720)
Collection of loans to students	666,246	2,373,339
Auxiliary enterprises:		
Residential facilities	29,592,924	51,688,084
Dining facilities	19,613,266	45,640,551
Intercollegiate athletics	39,205,944	92,590,924
Parking facilities	8,352,930	12,841,923
Other	50,987,373	38,728,035
Other receipts	59,015,138	113,873,915
<b>Net cash provided (used) by operating activities</b>	<u>(561,797,718)</u>	<u>(449,040,107)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	573,031,421	567,662,254
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	748,149	656,801
Pell grants	27,778,967	26,557,634
Student direct lending payments	(115,866,914)	(130,144,628)
Student direct lending receipts	115,866,914	130,144,628
Other nonoperating grants	55,976,415	25,637,073
<b>Net cash provided by noncapital financing activities</b>	<u>657,534,952</u>	<u>620,513,762</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	146,464,619	15,318,335
Capital appropriations	36,450,732	24,993,137
Capital grants and gifts received	52,102,716	21,793,203
Proceeds from sales of capital assets	1,115,534	1,738,385
Purchases of capital assets	(275,365,975)	(174,855,878)
Principal paid on debt and capital leases	(76,969,341)	(46,527,966)
Interest paid on debt and capital leases	(15,175,651)	(11,629,681)
Transfers from other University System of Maryland institutions	36,977,222	38,889,733
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(94,400,144)</u>	<u>(130,280,732)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	5,596,275	6,295,410
Interest on investments	3,304,703	13,500,470
Investment expense	(728,903)	(659,901)
Purchases of investments	(1,684,937)	(1,067,448)
<b>Net cash provided by investing activities</b>	<u>6,487,138</u>	<u>18,068,531</u>
<b>Net increase in cash and cash equivalents</b>	7,824,228	59,261,454
<b>Cash and cash equivalents - beginning of year</b>	<u>796,507,690</u>	<u>737,246,236</u>
<b>Cash and cash equivalents - end year</b>	<u>\$ 804,331,918</u>	<u>\$ 796,507,690</u>

**BOWIE STATE UNIVERSITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>		<u>2020</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 88,556,773	\$ 2,972,970	\$ 90,702,238	\$ 1,845,397
Accounts receivable, net	11,395,049		7,485,932	
Notes receivable, current portion, net	48,332		63,658	
Inter-institutional balances	835,861		447,823	
<b>Total current assets</b>	<u>100,836,015</u>	<u>2,972,970</u>	<u>98,699,651</u>	<u>1,845,397</u>
<b>Noncurrent assets</b>				
Accounts receivable, net		2,263,171		450,176
Endowment investments	2,829,534	36,271,187	2,310,418	8,872,726
Other investments		2,829,534		2,310,418
Notes receivable, net	332,490		444,480	
Capital assets, net	279,715,464		281,583,127	
<b>Total noncurrent assets</b>	<u>282,877,488</u>	<u>41,363,892</u>	<u>284,338,025</u>	<u>11,633,320</u>
<b>Total assets</b>	<u>383,713,503</u>	<u>44,336,862</u>	<u>383,037,676</u>	<u>13,478,717</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>11,105,082</u>		<u>11,967,634</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$ 394,818,585</u>	<u>\$ 44,336,862</u>	<u>\$ 395,005,310</u>	<u>\$ 13,478,717</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 11,726,372	\$ 759,306	\$ 10,855,745	\$ 347,534
Accrued workers' compensation, current portion	139,050		152,850	
Accrued vacation costs, current portion	1,828,094		1,804,181	
Revenue bonds and notes payable, current portion	2,702,266		2,774,688	
Unearned revenues	6,002,907		4,391,062	
<b>Total current liabilities</b>	<u>22,398,689</u>	<u>759,306</u>	<u>19,978,526</u>	<u>347,534</u>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	787,950		866,150	
Accrued vacation costs	2,833,052		2,034,230	
Endowments invested on behalf of primary government		2,829,534		2,310,418
Revenue bonds and notes payable	32,990,948		34,917,052	
Net pension liability	39,656,431		36,068,985	
<b>Total noncurrent liabilities</b>	<u>76,268,381</u>	<u>2,829,534</u>	<u>73,886,417</u>	<u>2,310,418</u>
<b>Total liabilities</b>	<u>98,667,070</u>	<u>3,588,840</u>	<u>93,864,943</u>	<u>2,657,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>19,422,562</u>		<u>21,948,279</u>	
<b>NET POSITION</b>				
Unrestricted	49,885,377	25,805,836	53,431,031	623,309
Net investment in capital assets	226,404,825		225,171,098	
Restricted:				
Expendable:				
Loans	438,751		589,959	
Net assets with donor restrictions		14,942,186		10,197,456
<b>Total net position</b>	<u>276,728,953</u>	<u>40,748,022</u>	<u>279,192,088</u>	<u>10,820,765</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 394,818,585</u>	<u>\$ 44,336,862</u>	<u>\$ 395,005,310</u>	<u>\$ 13,478,717</u>

**BOWIE STATE UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 45,887,837		\$ 45,244,214	
Less: scholarship allowances	(18,034,106)	\$ 27,853,731	(16,160,295)	\$ 29,083,919
Federal grants and contracts		15,782,388		11,731,952
State and local grants and contracts		571,270		256,556
Nongovernmental grants and contracts		257,197		259,873
Sales and services of educational departments		3,085		23,218
Auxiliary enterprises:				
Residential facilities	5,142,236		5,505,008	
Less: scholarship allowances	(70,498)	5,071,738	(65,347)	5,439,661
Dining facilities	3,528,523		4,679,453	
Less: scholarship allowances	(442,221)	3,086,302	(666,030)	4,013,423
Intercollegiate athletics	4,205,171		4,329,412	
Less: scholarship allowances	(694,182)	3,510,989	(450,794)	3,878,618
Parking facilities		30,757		195,562
Other auxiliary enterprises revenues		9,136,150		9,338,530
<b>Total operating revenues</b>		<b>65,303,607</b>		<b>64,221,312</b>
<b>OPERATING EXPENSES</b>				
Instruction		43,257,834		42,014,391
Research		1,184,130		1,422,678
Public service		407,446		221,485
Academic support		22,505,661		17,772,118
Student services		17,943,966		11,453,702
Institutional support		20,410,256		20,634,413
Operation and maintenance of plant		18,118,693		13,303,863
Scholarships and fellowships		4,887,615		4,348,177
Auxiliary enterprises:				
Residential facilities		5,423,281		5,888,203
Dining facilities		3,647,474		5,122,535
Intercollegiate athletics		4,363,940		4,544,166
Other auxiliary enterprises expenses		6,337,797		6,022,971
<b>Total operating expenses</b>		<b>148,488,093</b>		<b>132,748,702</b>
<b>Operating loss</b>		<b>(83,184,486)</b>		<b>(68,527,390)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		46,728,531		48,077,890
Pell grants		12,084,679		12,690,372
Other nonoperating grants		16,571,076		6,819,189
Gifts				
Investment income	910,945	\$ 28,850,392	1,468,220	\$ 1,276,430
Less: investment expense	(6,677)	2,114,208	(5,930)	64,264
Interest on indebtedness		904,268		1,462,290
Other revenues, (expenses), gains and (losses)		(845,757)		(1,079,009)
Other affiliated foundation revenues		86,451		536,444
Other affiliated foundation expenses				
Transfers (to) other University System of Maryland institutions		211,624		226,575
		(1,248,967)		(1,274,832)
		(564,400)		(1,051,847)
<b>Total nonoperating revenues (expenses)</b>		<b>74,964,848</b>		<b>67,455,329</b>
<b>Income (loss) before other revenues</b>		<b>(8,219,638)</b>		<b>(1,072,061)</b>
<b>OTHER REVENUES</b>				
Capital appropriations		5,756,503		1,088,085
<b>Total other revenues</b>		<b>5,756,503</b>		<b>1,088,085</b>
<b>Increase (decrease) in net position</b>		<b>(2,463,135)</b>		<b>16,024</b>
<b>Net position - beginning of year</b>		<b>279,192,088</b>		<b>279,176,064</b>
<b>Change in reporting entity</b>				<b>(106,061)</b>
<b>Net position - end of year</b>		<b>\$ 276,728,953</b>		<b>\$ 279,192,088</b>
		<b>\$ 40,748,022</b>		<b>\$ 10,820,765</b>

**BOWIE STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 26,635,840	\$ 31,667,318
Research contracts and grants	12,815,499	10,406,406
Payments to employees	(77,753,555)	(74,458,012)
Payments to suppliers and contractors	(55,087,323)	(43,608,260)
Collection of loans to students	13,134	63,658
Auxiliary enterprises:		
Residential facilities	3,475,275	3,843,198
Dining facilities	3,086,302	4,013,423
Intercollegiate athletics	3,510,989	3,878,618
Parking facilities	30,757	195,562
Other	9,136,150	9,338,530
Other receipts (payments)	3,145,614	(841,114)
<b>Net cash provided (used) by operating activities</b>	<b>(70,991,318)</b>	<b>(55,500,673)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	46,728,531	48,077,890
Pell grants	12,084,679	12,690,372
Student direct lending payments	(30,768,577)	(39,789,511)
Student direct lending receipts	30,768,577	39,789,511
Other nonoperating grants	15,429,191	4,880,519
<b>Net cash provided by noncapital financing activities</b>	<b>74,242,401</b>	<b>65,648,781</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	12,882,730	2,065,312
Capital appropriations	6,483,564	1,088,085
Purchases of capital assets	(8,815,799)	(14,897,832)
Principal paid on debt and capital leases	(14,339,573)	(4,644,799)
Interest paid on debt and capital leases	(2,228,790)	(1,458,476)
Transfers (to) from other University System of Maryland institutions	242,845	(1,066,906)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(5,775,023)</b>	<b>(18,914,616)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	102,992	102,840
Interest on investments	282,160	1,447,391
Investment expense	(6,677)	(5,930)
<b>Net cash provided by investing activities</b>	<b>378,475</b>	<b>1,544,301</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,145,465)</b>	<b>(7,222,207)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>90,702,238</b>	<b>97,924,445</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 88,556,773</b>	<b>\$ 90,702,238</b>

**TOWSON UNIVERSITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 276,454,736	\$ 3,832,517	\$ 283,058,760	\$ 1,745,618
Accounts receivable, net	12,073,029	79,019	10,744,802	94,139
Notes receivable, current portion, net	1,139,738		1,339,309	
Inventories	3,412,222		3,770,917	
Prepaid expenses and other	3,735,474	417,130	3,400,370	308,027
Inter-institutional balances	(2,043,388)		(428,328)	
<b>Total current assets</b>	<b>294,771,811</b>	<b>4,328,666</b>	<b>301,885,830</b>	<b>2,147,784</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	47,280		47,280	
Accounts receivable, net		2,721,399		2,343,785
Endowment investments	10,265,105	102,958,838	8,318,005	81,955,775
Other investments		10,265,105		8,247,197
Notes receivable, net	4,008,290		5,454,062	
Capital assets, net	1,075,309,974	142	1,025,027,733	993
<b>Total noncurrent assets</b>	<b>1,089,630,649</b>	<b>115,945,484</b>	<b>1,038,847,080</b>	<b>92,547,750</b>
<b>Total assets</b>	<b>1,384,402,460</b>	<b>120,274,150</b>	<b>1,340,732,910</b>	<b>94,695,534</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<b>40,318,935</b>		<b>41,566,820</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$1,424,721,395</b>	<b>\$ 120,274,150</b>	<b>\$1,382,299,730</b>	<b>\$ 94,695,534</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 36,925,276	\$ 701,860	\$ 32,480,289	\$ 773,653
Accrued workers' compensation, current portion	291,000		289,650	
Accrued vacation costs, current portion	10,319,735		10,149,721	
Revenue bonds and notes payable, current portion	23,663,813		23,605,919	
Obligations under capital lease agreements, current portion	1,338,939		1,258,235	
Unearned revenues	28,749,593		10,287,997	
<b>Total current liabilities</b>	<b>101,288,356</b>	<b>701,860</b>	<b>78,071,811</b>	<b>773,653</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	1,649,000		1,641,350	
Accrued vacation costs	4,337,639		3,378,564	
Endowments invested on behalf of primary government		10,265,105		8,247,197
Revenue bonds and notes payable	351,103,997		334,008,982	
Obligations under capital lease agreements			1,338,939	
Net pension liability	138,874,750		128,112,411	
<b>Total noncurrent liabilities</b>	<b>495,965,386</b>	<b>10,265,105</b>	<b>468,480,246</b>	<b>8,247,197</b>
<b>Total liabilities</b>	<b>597,253,742</b>	<b>10,966,965</b>	<b>546,552,057</b>	<b>9,020,850</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<b>40,268,909</b>		<b>45,623,577</b>	
<b>NET POSITION</b>				
Unrestricted	105,107,367	4,599,785	144,823,671	3,450,755
Net investment in capital assets	669,403,179		632,345,481	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025		265,025	
Expendable:				
Scholarships and fellowships	94,053		29,753	
Research	3,611,924		2,584,985	
Loans	5,562,878		7,486,076	
Other	3,154,318		2,589,105	
Net assets with donor restrictions		104,707,400		82,223,929
<b>Total net position</b>	<b>787,198,744</b>	<b>109,307,185</b>	<b>790,124,096</b>	<b>85,674,684</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$1,424,721,395</b>	<b>\$ 120,274,150</b>	<b>\$1,382,299,730</b>	<b>\$ 94,695,534</b>

**TOWSON UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 187,989,272		\$ 196,801,674	
Less: scholarship allowances	(54,529,499)	\$ 133,459,773	(54,722,872)	\$ 142,078,802
Federal grants and contracts		780,739		1,747,119
State and local grants and contracts		2,073,905		2,320,674
Nongovernmental grants and contracts		518,167		271,385
Sales and services of educational departments		3,404,892		5,839,512
Auxiliary enterprises:				
Residential facilities	7,968,814		32,226,049	
Less: scholarship allowances	(642,904)	7,325,910	(1,125,633)	31,100,416
Dining facilities	3,516,252		19,150,816	
Less: scholarship allowances	(270,263)	3,245,989	(527,510)	18,623,306
Intercollegiate athletics	19,134,747		16,376,252	
Less: scholarship allowances	(4,049,671)	15,085,076	(4,528,764)	11,847,488
Bookstore	4,747,262		5,322,312	
Less: scholarship allowances	(1,378,220)	3,369,042	(1,514,804)	3,807,508
Parking facilities		3,107,560		6,481,646
Other auxiliary enterprises revenues		35,044,551		37,826,746
<b>Total operating revenues</b>	<b>207,415,604</b>		<b>261,944,602</b>	
<b>OPERATING EXPENSES</b>				
Instruction		146,416,787		141,018,875
Research		4,119,530		3,787,134
Public service		8,064,821		8,394,684
Academic support		44,391,164		42,992,211
Student services		26,858,583		27,467,862
Institutional support		60,216,108		58,100,989
Operation and maintenance of plant		32,433,049		34,464,745
Scholarships and fellowships		23,958,058		20,087,676
Auxiliary enterprises:				
Residential facilities		25,215,523		28,810,622
Dining facilities		6,770,500		16,311,789
Intercollegiate athletics		16,399,878		18,134,373
Bookstore		6,109,495		6,215,508
Parking facilities		6,745,492		7,044,153
Other auxiliary enterprises expenses		21,043,286		20,387,707
<b>Total operating expenses</b>		<b>428,742,274</b>		<b>433,218,328</b>
<b>Operating loss</b>		<b>(221,326,670)</b>		<b>(171,273,726)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		135,941,182		131,859,194
Pell grants		28,132,184		28,865,536
Other nonoperating grants		33,751,704		16,709,147
Gifts			\$ 8,564,912	\$ 3,679,080
Investment income	3,422,108		20,683,530	3,178,276
Less: investment expense	(22,482)	3,399,626	4,946,619	4,926,095
Interest on indebtedness		(10,032,209)	(20,524)	(11,331,444)
Other revenues, (expenses), gains and (losses)		10,524,962		9,988,256
Other affiliated foundation revenues			362,452	977,019
Other affiliated foundation expenses			(5,978,393)	(6,629,310)
Transfers (to) from other University System of Maryland institutions		876,542		(5,539,951)
<b>Total nonoperating revenues</b>		<b>202,593,991</b>	<b>23,632,501</b>	<b>178,655,109</b>
<b>Income (loss) before other revenues</b>		<b>(18,732,679)</b>	<b>23,632,501</b>	<b>566,609</b>
<b>OTHER REVENUES</b>				
Capital appropriations		15,791,821		83,872,169
Capital gifts and grants		15,506		344,068
<b>Total other revenues</b>		<b>15,807,327</b>		<b>84,216,237</b>
<b>Increase (decrease) in net position</b>		<b>(2,925,352)</b>	<b>23,632,501</b>	<b>91,597,620</b>
<b>Net position - beginning of year</b>		<b>790,124,096</b>	<b>84,674,684</b>	<b>698,526,476</b>
<b>Change in reporting entity</b>				<b>(365,270)</b>
<b>Net position - end of year</b>	<b>\$ 787,198,744</b>	<b>\$ 108,307,185</b>	<b>\$ 790,124,096</b>	<b>\$ 84,674,684</b>

**TOWSON UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 129,791,889	\$ 144,242,750
Research contracts and grants	4,140,307	1,596,392
Payments to employees	(269,254,635)	(264,248,373)
Payments to suppliers and contractors	(95,127,219)	(112,511,698)
Collection of loans to students	1,645,342	1,969,499
Auxiliary enterprises:		
Residential facilities	4,782,010	28,671,490
Dining facilities	3,193,746	18,952,927
Intercollegiate athletics	14,663,360	12,451,408
Bookstores	3,277,784	4,055,324
Parking facilities	3,119,370	6,575,652
Other	35,107,951	36,924,853
Other receipts	15,822,636	19,972,682
<b>Net cash provided (used) by operating activities</b>	<u>(148,837,459)</u>	<u>(101,347,094)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	135,941,182	131,859,194
Pell grants	28,132,184	28,865,536
Student direct lending payments	(90,193,075)	(115,557,264)
Student direct lending receipts	90,193,075	115,557,264
Other nonoperating grants	51,751,704	16,709,147
<b>Net cash provided by noncapital financing activities</b>	<u>215,825,070</u>	<u>177,433,877</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	73,916,251	58,064,392
Capital appropriations	17,773,708	83,872,169
Purchases of capital assets	(100,816,357)	(150,383,169)
Principal paid on debt and capital leases	(69,449,651)	(79,549,067)
Interest paid on debt and capital leases	(17,425,476)	(14,951,532)
Transfers from other University System of Maryland institutions	20,882,131	22,818,988
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(75,119,394)</u>	<u>(80,128,219)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	372,791	389,432
Interest on investments	1,177,450	4,907,634
Investment expense	(22,482)	(20,524)
<b>Net cash provided by investing activities</b>	<u>1,527,759</u>	<u>5,276,542</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(6,604,024)	1,235,106
<b>Cash and cash equivalents - beginning of year</b>	<u>283,106,040</u>	<u>281,870,934</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 276,502,016</u>	<u>\$ 283,106,040</u>

UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 4,879,637		\$ 508,155	
Accounts receivable, net	5,432,220	\$ 157,043	7,371,172	\$ 116,447
Notes receivable, current portion, net	169,167		148,336	
Prepaid expenses and other	103,995		184,939	
Inter-institutional balances	2,966,187		1,480,032	
<b>Total current assets</b>	<b>13,551,206</b>	<b>157,043</b>	<b>9,692,634</b>	<b>116,447</b>
<b>Noncurrent assets</b>				
Accounts receivable, net		316,823		338,791
Endowment investments	8,213,170	50,306,883	6,570,058	22,692,671
Other investments		10,808,637		8,318,768
Notes receivable, net	304,578		429,537	
Capital assets, net	241,371,249	18,278	214,916,287	36,000
<b>Total noncurrent assets</b>	<b>249,888,997</b>	<b>61,450,621</b>	<b>221,915,882</b>	<b>31,386,230</b>
<b>Total assets</b>	<b>263,440,203</b>	<b>61,607,664</b>	<b>231,608,516</b>	<b>31,502,677</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	11,219,891		11,599,780	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 274,660,094</b>	<b>\$ 61,607,664</b>	<b>\$ 243,208,296</b>	<b>\$ 31,502,677</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 5,850,295	\$ 1,500	\$ 6,995,200	\$ 500
Accrued workers' compensation, current portion	138,600		149,100	
Accrued vacation costs, current portion	2,720,711		2,374,856	
Revenue bonds and notes payable, current portion	1,349,133		2,900,942	
Unearned revenues	4,258,913		1,373,142	
<b>Total current liabilities</b>	<b>14,317,652</b>	<b>1,500</b>	<b>13,793,240</b>	<b>500</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	785,400		844,900	
Accrued vacation costs	2,964,016		3,033,358	
Endowments invested on behalf of primary government		8,213,170		6,570,058
Revenue bonds and notes payable	13,629,191		13,934,515	
Net pension liability	37,484,780		35,093,149	
<b>Total noncurrent liabilities</b>	<b>54,863,387</b>	<b>8,213,170</b>	<b>52,905,922</b>	<b>6,570,058</b>
<b>Total liabilities</b>	<b>69,181,039</b>	<b>8,211,670</b>	<b>66,699,162</b>	<b>6,569,558</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	2,002,718		2,622,221	
<b>NET POSITION</b>				
Unrestricted	(33,536,286)	23,832,064	(33,550,689)	3,863,199
Net investment in capital assets	226,600,447		198,293,219	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009		28,009	
Expendable:				
Scholarships and fellowships	3,725,761		2,954,120	
Loans	4,701,780		4,610,473	
Other	1,956,626		1,551,781	
Net assets with donor restrictions		29,563,930		21,069,920
<b>Total net position</b>	<b>203,476,337</b>	<b>53,395,994</b>	<b>173,886,913</b>	<b>24,933,119</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 274,660,094</b>	<b>\$ 61,607,664</b>	<b>\$ 243,208,296</b>	<b>\$ 31,502,677</b>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 21,219,109		\$ 25,261,528	
Less: scholarship allowances	<u>(9,746,000)</u>	\$ 11,473,109	<u>(10,603,392)</u>	\$ 14,658,136
Federal grants and contracts		8,763,899		7,937,227
State and local grants and contracts		10,765,087		9,459,519
Nongovernmental grants and contracts		1,881,145		1,191,220
Sales and services of educational departments		7,867		5,412
Auxiliary enterprises:				
Residential facilities	7,084,977		6,949,986	
Less: scholarship allowances	<u>(450,960)</u>	6,634,017	<u>(330,499)</u>	6,619,487
Dining facilities	3,639,550		3,962,309	
Less: scholarship allowances	<u>(667,413)</u>	2,972,137	<u>(523,431)</u>	3,438,878
Intercollegiate athletics		1,775,289		2,881,039
Parking facilities		5,950		74,130
Other auxiliary enterprises revenues		3,647,419		4,463,246
Other operating revenues		<u>2,590,196</u>		<u>1,483,042</u>
<b>Total operating revenues</b>		<u>50,516,115</u>		<u>52,211,336</u>
<b>OPERATING EXPENSES</b>				
Instruction		41,882,568		43,030,510
Research		12,062,231		10,404,186
Public service		3,499,921		3,235,566
Academic support		7,715,271		8,765,572
Student services		5,806,663		5,946,895
Institutional support		18,548,690		13,046,580
Operation and maintenance of plant		10,327,146		11,064,897
Scholarships and fellowships		2,239,556		3,309,222
Auxiliary enterprises:				
Residential facilities		6,194,387		7,653,169
Dining facilities		3,965,088		3,954,862
Intercollegiate athletics		3,266,347		4,706,238
Other auxiliary enterprises expenses		<u>4,093,625</u>		<u>4,577,285</u>
<b>Total operating expenses</b>		<u>119,601,493</u>		<u>119,694,982</u>
<b>Operating loss</b>		<u>(69,085,378)</u>		<u>(67,483,646)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		47,398,557		45,885,966
Pell grants		4,755,530		6,006,486
Other nonoperating grants		9,400,778		7,580,105
Gifts		48,118	\$ 21,254,855	112,755
Investment income	1,853,939		8,406,960	903,472
Less: investment expense	<u>(26,148)</u>	1,827,791	<u>175,061</u>	319,849
Interest on indebtedness		(384,664)	<u>(24,344)</u>	150,717
Other revenues, (expenses), gains and (losses)		75,516		(564,471)
Other affiliated foundation revenues				280,595
Other affiliated foundation expenses			7,499	34,304
Transfers from other University System of Maryland institutions			(1,206,439)	(1,345,606)
		<u>2,378,341</u>		<u>1,735,152</u>
<b>Total nonoperating revenues (expenses)</b>		<u>65,499,967</u>	<u>28,462,875</u>	<u>61,187,305</u>
<b>Income (loss) before other revenues</b>		<u>(3,585,411)</u>	<u>28,462,875</u>	<u>(6,296,341)</u>
<b>OTHER REVENUES</b>				
Capital appropriations		<u>33,174,835</u>		<u>6,467,629</u>
<b>Total other revenues</b>		<u>33,174,835</u>		<u>6,467,629</u>
<b>Increase (decrease) in net position</b>		<u>29,589,424</u>	<u>28,462,875</u>	<u>171,288</u>
<b>Net position - beginning of year</b>		<u>173,886,913</u>	<u>24,933,119</u>	<u>173,715,625</u>
<b>Change in reporting entity</b>				<u>2,453,532</u>
<b>Net position - end of year</b>		<u>\$ 203,476,337</u>	<u>\$ 53,395,994</u>	<u>\$ 173,886,913</u>
				<u>\$ 24,933,119</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 17,227,130	\$ 14,534,149
Research contracts and grants	19,628,691	18,842,094
Payments to employees	(70,797,477)	(70,130,826)
Payments to suppliers and contractors	(36,264,032)	(35,129,691)
Collection of loans to students	104,128	204,889
Auxiliary enterprises:		
Residential facilities	6,634,017	6,619,487
Dining facilities	2,972,137	3,438,878
Intercollegiate athletics	1,775,289	2,881,039
Parking facilities	5,950	74,130
Other	4,499,560	3,721,953
Other receipts (payments)	<u>(1,970,683)</u>	<u>2,646,549</u>
<b>Net cash provided (used) by operating activities</b>	<u>(56,185,290)</u>	<u>(52,297,349)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	47,398,557	45,885,966
Pell grants	4,755,530	6,006,486
Student direct lending payments	(20,310,939)	(20,378,219)
Student direct lending receipts	20,310,939	20,378,219
Other nonoperating grants	<u>12,574,523</u>	<u>4,466,619</u>
<b>Net cash provided by noncapital financing activities</b>	<u>64,728,610</u>	<u>56,359,071</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	3,806,178	910,079
Capital appropriations	34,278,373	6,467,629
Purchases of capital assets	(37,206,762)	(8,372,029)
Principal paid on debt and capital leases	(6,595,459)	(5,516,249)
Interest paid on debt and capital leases	(802,992)	(882,927)
Transfers from other University System of Maryland institutions	<u>2,190,294</u>	<u>976,002</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(4,330,368)</u>	<u>(6,417,495)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	117,922	103,895
Interest on investments	66,756	117,599
Investment expense	(26,148)	(24,344)
Purchases of investments	<u>(67,000)</u>	<u>(67,000)</u>
<b>Net cash provided by investing activities</b>	<u>158,530</u>	<u>130,150</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,371,482	(2,225,623)
<b>Cash and cash equivalents - beginning of year</b>	<u>508,155</u>	<u>2,733,778</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 4,879,637</u>	<u>\$ 508,155</u>

FROSTBURG STATE UNIVERSITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 40,386,256	\$ 439,076	\$ 33,405,166	\$ 377,423
Accounts receivable, net	2,259,448	214,534	2,765,658	82,630
Notes receivable, current portion, net	21,045		26,481	
Inventories	1,097,880		1,196,243	
Prepaid expenses and other	1,868,490	14,913	1,746,645	19,626
Inter-institutional balances	102,647		4,873	
<b>Total current assets</b>	<b>45,735,766</b>	<b>668,523</b>	<b>39,145,066</b>	<b>479,679</b>
<b>Noncurrent assets</b>				
Accounts receivable, net		948,818		1,148,075
Endowment investments	5,313,600	31,085,568	4,262,939	24,146,864
Other investments		10,955,514		8,062,873
Notes receivable, net	263,345		408,728	
Other assets		394,371		380,271
Capital assets, net	211,502,705	8,550	202,007,168	33,000
<b>Total noncurrent assets</b>	<b>217,079,650</b>	<b>43,392,821</b>	<b>206,678,835</b>	<b>33,771,083</b>
<b>Total assets</b>	<b>262,815,416</b>	<b>44,061,344</b>	<b>245,823,901</b>	<b>34,250,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>14,995,794</b>		<b>15,545,363</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 277,811,210</b>	<b>\$ 44,061,344</b>	<b>\$ 261,369,264</b>	<b>\$ 34,250,762</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 7,904,998	\$ 19,353	\$ 8,468,632	\$ 22,249
Accrued workers' compensation, current portion	109,800		107,100	
Accrued vacation costs, current portion	3,444,865		3,754,942	
Revenue bonds and notes payable, current portion	2,800,852		2,934,084	
Unearned revenues	6,419,813	3,025	1,973,715	220
<b>Total current liabilities</b>	<b>20,680,328</b>	<b>22,378</b>	<b>17,238,473</b>	<b>22,469</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	622,200		606,900	
Accrued vacation costs	707,633		152,137	
Endowments invested on behalf of primary government		5,313,600		4,262,939
Other payables		20,878		44,923
Revenue bonds and notes payable	52,882,837		50,179,583	
Net pension liability	51,311,270		47,723,824	
<b>Total noncurrent liabilities</b>	<b>105,523,940</b>	<b>5,334,478</b>	<b>98,662,444</b>	<b>4,307,862</b>
<b>Total liabilities</b>	<b>126,204,268</b>	<b>5,356,856</b>	<b>115,900,917</b>	<b>4,330,331</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>16,677,404</b>		<b>18,779,176</b>	
<b>NET POSITION</b>				
Unrestricted	(6,809,879)	3,124,035	(9,637,930)	2,498,857
Net investment in capital assets	141,872,293		133,805,583	
Restricted:				
Nonexpendable:				
Other	750,000		750,000	
Expendable:				
Scholarships and fellowships	90,001		70,873	
Research	(1,841,121)		883,976	
Loans	385,400		544,243	
Other	482,844		272,426	
Net assets with donor restrictions		35,580,453		27,421,574
<b>Total net position</b>	<b>134,929,538</b>	<b>38,704,488</b>	<b>126,689,171</b>	<b>29,920,431</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 277,811,210</b>	<b>\$ 44,061,344</b>	<b>\$ 261,369,264</b>	<b>\$ 34,250,762</b>

**FROSTBURG STATE UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 34,270,572		\$ 37,263,620	
Less: scholarship allowances	(7,727,117)	\$ 26,543,455	(8,353,602)	\$ 28,910,018
Federal grants and contracts		2,194,446		1,847,352
State and local grants and contracts		3,294,021		1,559,751
Nongovernmental grants and contracts		68,002		1,213,181
Sales and services of educational departments		956,662		1,141,692
Auxiliary enterprises:				
Residential facilities	8,643,249		5,954,283	
Less: scholarship allowances	(97,632)	8,545,617	(49,163)	5,905,120
Dining facilities	5,342,961		5,352,200	
Less: scholarship allowances	(16,290)	5,326,671	(11,125)	5,341,075
Intercollegiate athletics	3,180,928		2,630,538	
Less: scholarship allowances	(79,654)	3,101,274	(40,536)	2,590,002
Bookstore	1,097,097		1,097,404	
Less: scholarship allowances	(11,919)	1,085,178	(13,327)	1,084,077
Other auxiliary enterprises revenues	4,014,937		3,616,181	
Less: scholarship allowances	(47,868)	3,967,069	(29,245)	3,586,936
Other operating revenues		359,443		565,373
<b>Total operating revenues</b>		<b>55,441,838</b>		<b>53,744,577</b>
<b>OPERATING EXPENSES</b>				
Instruction		36,285,695		36,707,238
Research		136,311		138,440
Public service		5,332,612		4,767,281
Academic support		10,286,123		10,953,102
Student services		4,441,551		5,003,653
Institutional support		14,943,160		15,282,269
Operation and maintenance of plant		10,942,278		11,513,326
Scholarships and fellowships		11,945,955		9,492,700
Auxiliary enterprises:				
Residential facilities		7,960,414		6,440,921
Dining facilities		4,973,924		4,848,838
Intercollegiate athletics		4,459,303		4,879,219
Bookstore		1,273,541		1,226,044
Other auxiliary enterprises expenses		3,840,349		3,990,421
<b>Total operating expenses</b>		<b>116,821,216</b>		<b>115,243,452</b>
<b>Operating loss</b>		<b>(61,379,378)</b>		<b>(61,498,875)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		43,451,867		44,610,144
Pell grants		6,753,993		7,384,180
Other nonoperating grants		5,490,778		2,326,661
Gifts		1,175,205	\$ 3,424,045	1,324,914
Investment income	1,581,687		7,206,733	\$ 1,612,829
Less: investment expense	(16,801)	1,564,886	627,719	274,584
Interest on indebtedness		(1,957,790)	(14,579)	613,140
Other revenues, (expenses), gains and (losses)		(407,434)		(1,564,475)
Other affiliated foundation revenues			195,038	(381,197)
Other affiliated foundation expenses			(2,041,759)	353,690
Transfers from other University System of Maryland institutions		2,442,799		(2,404,114)
<b>Total nonoperating revenues (expenses)</b>		<b>58,514,304</b>	<b>8,784,057</b>	<b>54,424,706</b>
<b>Income (loss) before other revenues</b>		<b>(2,865,074)</b>	<b>8,784,057</b>	<b>(7,074,169)</b>
<b>OTHER REVENUES</b>				
Capital appropriations		10,993,516		3,405,515
Capital gifts and grants		111,925		145,893
<b>Total other revenues</b>		<b>11,105,441</b>		<b>3,551,408</b>
<b>Increase (decrease) in net position</b>		<b>8,240,367</b>	<b>8,784,057</b>	<b>(3,522,761)</b>
<b>Net position - beginning of year</b>		<b>126,689,171</b>	<b>29,920,431</b>	<b>130,211,932</b>
<b>Net position - end of year</b>		<b>\$ 134,929,538</b>	<b>\$ 38,704,488</b>	<b>\$ 126,689,171</b>
				<b>\$ 29,920,431</b>

**FROSTBURG STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 27,490,571	\$ 28,445,876
Research contracts and grants	10,090,222	4,272,145
Payments to employees	(69,951,332)	(70,686,285)
Payments to suppliers and contractors	(35,231,209)	(32,520,590)
Collection of loans to students	150,819	110,151
Auxiliary enterprises:		
Residential facilities	7,373,049	4,732,652
Dining facilities	5,338,290	5,382,998
Intercollegiate athletics	3,102,373	2,611,018
Bookstores	1,048,099	1,175,030
Other	3,831,605	3,749,505
Other receipts	<u>2,848,079</u>	<u>2,336,134</u>
<b>Net cash provided (used) by operating activities</b>	<u>(43,909,434)</u>	<u>(50,391,366)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	43,451,867	44,610,144
Pell grants	6,753,993	7,384,180
Student direct lending payments	(21,655,336)	(24,878,195)
Student direct lending receipts	21,655,336	24,878,195
Other nonoperating grants	<u>4,016,857</u>	<u>2,120,104</u>
<b>Net cash provided by noncapital financing activities</b>	<u>54,222,717</u>	<u>54,114,428</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	1,853,129	6,797,293
Capital appropriations	11,430,397	3,405,515
Purchases of capital assets	(18,403,348)	(35,694,719)
Principal paid on debt and capital leases	(4,402,876)	(9,363,747)
Interest paid on debt and capital leases	(2,239,946)	(1,725,252)
Transfers from other University System of Maryland institutions	<u>7,933,027</u>	<u>28,178,685</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(3,829,617)</u>	<u>(8,402,225)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	92,161	172,986
Interest on investments	422,064	589,235
Investment expense	<u>(16,801)</u>	<u>(14,579)</u>
<b>Net cash provided by investing activities</b>	<u>497,424</u>	<u>747,642</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	6,981,090	(3,931,521)
<b>Cash and cash equivalents - beginning of year</b>	<u>33,405,166</u>	<u>37,336,687</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 40,386,256</u>	<u>\$ 33,405,166</u>

**COPPIN STATE UNIVERSITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>		<u>2020</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 18,067,885	\$ 3,282,255	\$ 19,431,927	\$ 3,825,682
Accounts receivable, net	10,848,961	480,163	4,362,273	674,448
Notes receivable, current portion, net	38,885		28,892	
Prepaid expenses and other	174,993	4,331	75,028	143,066
Inter-institutional balances	(115,638)		(1,005,392)	
<b>Total current assets</b>	<u>29,015,086</u>	<u>3,766,749</u>	<u>22,892,728</u>	<u>4,643,196</u>
<b>Noncurrent assets</b>				
Endowment investments	3,404,544	11,647,587	2,773,742	8,622,460
Other investments		3,404,544		2,773,742
Notes receivable, net	691,449		678,564	
Capital assets, net	<u>302,677,165</u>	<u>206,500</u>	<u>306,482,586</u>	<u>169,700</u>
<b>Total noncurrent assets</b>	<u>306,773,158</u>	<u>15,258,631</u>	<u>309,934,892</u>	<u>11,565,902</u>
<b>Total assets</b>	<u>335,788,244</u>	<u>19,025,380</u>	<u>332,827,620</u>	<u>16,209,098</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>11,306,353</u>		<u>11,381,533</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$ 347,094,597</u>	<u>\$ 19,025,380</u>	<u>\$ 344,209,153</u>	<u>\$ 16,209,098</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 6,986,168	\$ 75,844	\$ 7,018,924	\$ 115,491
Accrued workers' compensation, current portion	142,350		140,400	
Accrued vacation costs, current portion	1,331,648		1,759,418	
Revenue bonds and notes payable, current portion	2,107,205		2,291,496	
Unearned revenues	<u>3,214,617</u>		<u>2,593,040</u>	
<b>Total current liabilities</b>	<u>13,781,988</u>	<u>75,844</u>	<u>13,803,278</u>	<u>115,491</u>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	806,650		795,600	
Accrued vacation costs	2,323,682		1,461,851	
Endowments invested on behalf of primary government		3,404,544		2,773,742
Other payables		6,787		144,233
Revenue bonds and notes payable	28,932,818		31,300,840	
Net pension liability	<u>44,421,853</u>		<u>42,030,222</u>	
<b>Total noncurrent liabilities</b>	<u>76,485,003</u>	<u>3,411,331</u>	<u>75,588,513</u>	<u>2,917,975</u>
<b>Total liabilities</b>	<u>90,266,991</u>	<u>3,487,175</u>	<u>89,391,791</u>	<u>3,033,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>2,797,438</u>		<u>3,416,941</u>	
<b>NET POSITION</b>				
Unrestricted	(19,599,100)	514,624	(23,224,830)	347,188
Net investment in capital assets	271,972,885		273,044,392	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	434,289		434,289	
Other	240,125		240,125	
Expendable:				
Scholarships and fellowships	59,618		13,952	
Loans	894,792		892,493	
Other	27,559			
Net assets with donor restrictions		<u>15,023,581</u>		<u>12,828,444</u>
<b>Total net position</b>	<u>254,030,168</u>	<u>15,538,205</u>	<u>251,400,421</u>	<u>13,175,632</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 347,094,597</u>	<u>\$ 19,025,380</u>	<u>\$ 344,209,153</u>	<u>\$ 16,209,098</u>

**COPPIN STATE UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 13,790,116		\$ 14,777,588	
Less: scholarship allowances	(9,051,285)	\$ 4,738,831	(9,930,641)	\$ 4,846,947
Federal grants and contracts		5,684,687		5,489,280
State and local grants and contracts		1,055,324		596,600
Nongovernmental grants and contracts		595,998		749,881
Sales and services of educational departments		574,779		361,740
Auxiliary enterprises:				
Residential facilities	3,441,098		3,615,679	
Less: scholarship allowances	(88,137)	3,352,961	(193,374)	3,422,305
Dining facilities		1,309,812		2,860,294
Intercollegiate athletics	3,081,444		2,602,856	
Less: scholarship allowances	(1,343,034)	1,738,410	(1,247,541)	1,355,315
Parking facilities	1,237,527		1,288,905	
Less: scholarship allowances	(149,932)	1,087,595	(136,669)	1,152,236
Other auxiliary enterprises revenues		5,134,628		2,470,603
<b>Total operating revenues</b>		<b>25,273,025</b>		<b>23,305,201</b>
<b>OPERATING EXPENSES</b>				
Instruction		25,953,187		25,301,069
Research		766,797		535,717
Public service		27,440		26,226
Academic support		8,206,759		8,493,908
Student services		6,428,238		6,678,492
Institutional support		34,753,046		22,169,504
Operation and maintenance of plant		9,690,240		10,670,902
Scholarships and fellowships		1,667,927		1,803,952
Auxiliary enterprises:				
Residential facilities		1,973,518		3,236,712
Dining facilities		1,350,849		3,203,897
Intercollegiate athletics		3,467,988		4,468,340
Parking facilities		400,087		666,051
Other auxiliary enterprises expenses		1,987,973		2,532,008
<b>Total operating expenses</b>		<b>96,674,049</b>		<b>89,786,778</b>
<b>Operating loss</b>		<b>(71,401,024)</b>		<b>(66,481,577)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		49,787,119		48,812,311
Pell grants		5,500,114		6,735,990
Other nonoperating grants		10,368,431		4,798,801
Gifts			\$ 1,211,516	\$ 1,246,078
Investment income	831,565		2,452,683	349,388
Less: investment expense	(9,929)	821,636	(8,925)	340,463
Interest on indebtedness		(719,371)		(1,073,431)
Other revenues, (expenses), gains and (losses)		(109,570)		(196,296)
Other affiliated foundation revenues			200,982	257,322
Other affiliated foundation expenses			(1,502,608)	(1,192,715)
Transfers from other University System of Maryland institutions		2,112,946		1,998,124
<b>Total nonoperating revenues</b>		<b>67,761,305</b>	<b>2,362,573</b>	<b>61,415,962</b>
<b>Income (loss) before other revenues</b>		<b>(3,639,719)</b>	<b>2,362,573</b>	<b>(5,065,615)</b>
<b>OTHER REVENUES</b>				
Capital appropriations		6,269,466		2,086,572
<b>Total other revenues</b>		<b>6,269,466</b>		<b>2,086,572</b>
<b>Increase (decrease) in net position</b>		<b>2,629,747</b>	<b>2,362,573</b>	<b>(2,979,043)</b>
<b>Net position - beginning of year</b>		<b>251,400,421</b>	<b>13,175,632</b>	<b>254,379,464</b>
<b>Net position - end of year</b>	<b>\$ 254,030,168</b>	<b>\$ 15,538,205</b>	<b>\$ 251,400,421</b>	<b>\$ 13,175,632</b>

**COPPIN STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 4,176,774	\$ 5,532,194
Research contracts and grants	7,957,585	6,753,910
Payments to employees	(50,423,539)	(50,644,279)
Payments to suppliers and contractors	(34,836,423)	(25,636,127)
Collection of loans to students	29,050	111,209
Auxiliary enterprises:		
Residential facilities	3,352,961	3,422,305
Dining facilities	1,309,812	2,860,294
Intercollegiate athletics	1,738,410	1,355,315
Parking facilities	1,087,595	1,152,235
Other	5,134,628	486,778
Other receipts	2,039,907	3,042,925
<b>Net cash provided (used) by operating activities</b>	<b>(58,433,240)</b>	<b>(51,563,241)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	49,787,119	48,812,311
Gifts and grants received for other than capital purposes:		
Pell grants	5,500,114	6,735,990
Student direct lending payments	(9,516,820)	(15,276,233)
Student direct lending receipts	9,516,820	15,276,233
Other nonoperating grants	4,443,800	2,110,630
<b>Net cash provided by noncapital financing activities</b>	<b>59,731,033</b>	<b>57,658,931</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	8,173,298	2,517,631
Capital appropriations	6,748,288	2,086,572
Proceeds from sales of capital assets	18,015	18,425
Purchases of capital assets	(7,626,678)	(4,672,254)
Principal paid on debt and capital leases	(10,323,059)	(5,633,748)
Interest paid on debt and capital leases	(1,643,233)	(1,490,197)
Transfers from other University System of Maryland institutions	1,562,901	1,482,379
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(3,090,468)</b>	<b>(5,691,192)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	113,915	108,002
Interest on investments	76,919	324,416
Investment expense	(9,929)	(23,667)
Purchases of investments	247,728	
<b>Net cash provided by investing activities</b>	<b>428,633</b>	<b>408,751</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,364,042)</b>	<b>813,249</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>19,431,927</b>	<b>18,618,678</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 18,067,885</b>	<b>\$ 19,431,927</b>

UNIVERSITY OF BALTIMORE  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 52,509,132	\$ 16,899,141	\$ 45,744,998	\$ 11,965,124
Accounts receivable, net	6,854,955	42,645	5,426,339	24,683
Notes receivable, current portion, net	37,335		58,334	
Prepaid expenses and other	879,571		565,569	
Inter-institutional balances	(3,699,640)		(5,145,840)	
<b>Total current assets</b>	<b>56,581,353</b>	<b>16,941,786</b>	<b>46,649,400</b>	<b>11,989,807</b>
<b>Noncurrent assets</b>				
Accounts receivable, net		3,987,257		4,845,744
Endowment investments	1,493,126	68,720,950	1,173,377	50,278,865
Other investments		6,664,045		7,561,940
Notes receivable, net	283,343		410,572	
Other assets		79,620		61,084
Capital assets, net	189,744,457	584,846	194,939,664	593,344
<b>Total noncurrent assets</b>	<b>191,520,926</b>	<b>80,036,718</b>	<b>196,523,613</b>	<b>63,340,977</b>
<b>Total assets</b>	<b>248,102,279</b>	<b>96,978,504</b>	<b>243,173,013</b>	<b>75,330,784</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	10,404,995		11,109,332	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 258,507,274</b>	<b>\$ 96,978,504</b>	<b>\$ 254,282,345</b>	<b>\$ 75,330,784</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 8,838,289	\$ 385,178	\$ 8,050,043	\$ 407,936
Accrued workers' compensation, current portion	95,250		82,650	
Accrued vacation costs, current portion	3,265,264		3,041,538	
Revenue bonds and notes payable, current portion	1,633,904		2,982,745	
Unearned revenues	7,216,111	405,791	6,795,497	707,099
<b>Total current liabilities</b>	<b>21,048,818</b>	<b>790,969</b>	<b>20,952,473</b>	<b>1,115,035</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	539,750		468,350	
Accrued vacation costs	1,958,403		1,765,532	
Endowments invested on behalf of primary government		1,493,126		1,173,377
Revenue bonds and notes payable	9,304,848		10,066,812	
Net pension liability	45,492,585		41,905,139	
<b>Total noncurrent liabilities</b>	<b>57,295,586</b>	<b>1,493,126</b>	<b>54,205,833</b>	<b>1,173,377</b>
<b>Total liabilities</b>	<b>78,344,404</b>	<b>2,284,095</b>	<b>75,158,306</b>	<b>2,288,412</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	2,583,014		3,512,268	
<b>NET POSITION</b>				
Unrestricted	(1,754,158)	8,567,948	(7,314,606)	7,260,218
Net investment in capital assets	178,904,263		182,111,432	
Restricted:				
Expendable:				
Loans	429,751		814,945	
Net assets with donor restrictions		86,126,461		65,782,154
<b>Total net position</b>	<b>177,579,856</b>	<b>94,694,409</b>	<b>175,611,771</b>	<b>73,042,372</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 258,507,274</b>	<b>\$ 96,978,504</b>	<b>\$ 254,282,345</b>	<b>\$ 75,330,784</b>

**UNIVERSITY OF BALTIMORE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 52,340,750		\$ 54,319,239	
Less: scholarship allowances	<u>(14,664,643)</u>	\$ 37,676,107	<u>(13,637,212)</u>	\$ 40,682,027
Federal grants and contracts		8,592,541		9,118,684
State and local grants and contracts		7,287,847		7,232,491
Nongovernmental grants and contracts		5,695,917		4,929,262
Sales and services of educational departments		56,467		125,199
Auxiliary enterprises:				
Parking facilities		447,021		795,256
Other auxiliary enterprises revenues		3,408,723		5,372,563
Other operating revenues		<u>1,755,247</u>		<u>196,285</u>
<b>Total operating revenues</b>		<u>64,919,870</u>		<u>68,451,767</u>
<b>OPERATING EXPENSES</b>				
Instruction		40,345,578		40,938,807
Research		15,454,926		15,879,028
Academic support		13,982,904		13,689,107
Student services		10,700,758		10,375,494
Institutional support		16,520,384		16,604,417
Operation and maintenance of plant		8,635,448		8,782,891
Scholarships and fellowships		3,853,987		3,250,291
Auxiliary enterprises:				
Parking facilities		283,266		399,096
Other auxiliary enterprises expenses		<u>1,663,700</u>		<u>2,467,782</u>
<b>Total operating expenses</b>		<u>111,440,951</u>		<u>112,386,913</u>
<b>Operating loss</b>		<u>(46,521,081)</u>		<u>(43,935,146)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		43,059,381		40,742,183
Pell grants		3,492,184		3,829,584
Other nonoperating grants		2,458,600		1,499,677
Gifts			\$ 9,042,270	\$ 5,382,186
Investment income		799,053	16,988,023	946,864
Interest on indebtedness		(288,051)		(365,995)
Other revenues, (expenses), gains and (losses)		(289,936)		(387,288)
Other affiliated foundation revenues			20,224	62,762
Other affiliated foundation expenses			(4,398,480)	(4,060,063)
Transfers (to) other University System of Maryland institutions		<u>(770,429)</u>		<u>(2,945,588)</u>
<b>Total nonoperating revenues</b>		<u>48,460,802</u>	<u>21,652,037</u>	<u>43,319,437</u>
<b>Income (loss) before other revenues</b>		<u>1,939,721</u>	<u>21,652,037</u>	<u>(615,709)</u>
<b>OTHER REVENUES</b>				
Capital appropriations				177,117
Capital gifts and grants		<u>28,364</u>		<u>655,896</u>
<b>Total other revenues</b>		<u>28,364</u>		<u>833,013</u>
<b>Increase in net position</b>		<u>1,968,085</u>	<u>21,652,037</u>	<u>217,304</u>
<b>Net position - beginning of year</b>		<u>175,611,771</u>	<u>73,042,372</u>	<u>175,394,467</u>
<b>Net position - end of year</b>		<u>\$ 177,579,856</u>	<u>\$ 94,694,409</u>	<u>\$ 175,611,771</u>
				<u>\$ 73,042,372</u>

**UNIVERSITY OF BALTIMORE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 37,978,241	\$ 40,652,649
Research contracts and grants	19,571,288	20,988,380
Payments to employees	(78,258,644)	(78,923,808)
Payments to suppliers and contractors	(21,545,420)	(22,026,101)
Collection of loans to students	187,225	356,078
Auxiliary enterprises:		
Parking facilities	447,021	795,255
Other	3,408,723	5,370,622
Other receipts	<u>1,870,700</u>	<u>235,354</u>
<b>Net cash provided (used) by operating activities</b>	<u>(36,340,866)</u>	<u>(32,551,571)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	43,059,381	40,742,183
Pell grants	3,492,184	3,829,584
Student direct lending payments	(39,301,600)	(43,682,919)
Student direct lending receipts	39,301,600	43,682,919
Other nonoperating grants	<u>2,180,564</u>	<u>1,069,413</u>
<b>Net cash provided by noncapital financing activities</b>	<u>48,732,129</u>	<u>45,641,180</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	3,385,413	501,428
Capital appropriations	754,816	177,117
Capital grants and gifts received	28,364	655,896
Purchases of capital assets	(2,245,481)	(2,595,503)
Principal paid on debt and capital leases	(5,453,049)	(2,631,913)
Interest paid on debt and capital leases	(443,021)	(463,667)
Transfers (to) other University System of Maryland institutions	<u>(2,021,018)</u>	<u>(3,361,119)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(5,993,976)</u>	<u>(7,717,761)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>366,847</u>	<u>814,839</u>
<b>Net cash provided by investing activities</b>	<u>366,847</u>	<u>814,839</u>
<b>Net increase in cash and cash equivalents</b>	6,764,134	6,186,687
<b>Cash and cash equivalents - beginning of year</b>	<u>45,744,998</u>	<u>39,558,311</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 52,509,132</u>	<u>\$ 45,744,998</u>

**SALISBURY UNIVERSITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 129,478,980	\$ 2,052,849	\$ 123,813,326	\$ 1,832,380
Accounts receivable, net	3,578,317	3,659,250	3,324,217	4,241,959
Notes receivable, current portion, net	48,708		171,681	
Inventories	1,162,858		1,500,528	
Prepaid expenses and other	119,647	19,306	61,560	28,784
Inter-institutional balances	1,070,741		2,336,888	
<b>Total current assets</b>	<b>135,459,251</b>	<b>5,731,405</b>	<b>131,208,200</b>	<b>6,103,123</b>
<b>Noncurrent assets</b>				
Accounts receivable, net		1,580,707		2,003,677
Endowment investments	4,368,448	96,469,247	3,559,576	68,611,809
Other investments		9,341,611		7,530,107
Notes receivable, net	205,212		209,948	
Other assets		2,123,883		2,129,014
Capital assets, net	448,017,979	151,898	456,744,054	164,566
<b>Total noncurrent assets</b>	<b>452,591,639</b>	<b>109,667,346</b>	<b>460,513,578</b>	<b>80,439,173</b>
<b>Total assets</b>	<b>588,050,890</b>	<b>115,398,751</b>	<b>591,721,778</b>	<b>86,542,296</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>14,645,330</b>		<b>15,776,342</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 602,696,220</b>	<b>\$ 115,398,751</b>	<b>\$ 607,498,120</b>	<b>\$ 86,542,296</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 11,609,259	24,987	\$ 12,706,675	
Accrued workers' compensation, current portion	160,650		188,400	
Accrued vacation costs, current portion	3,000,841		2,810,583	
Revenue bonds and notes payable, current portion	5,325,205	1,752,486	6,241,594	\$ 1,857,286
Unearned revenues	5,161,155	\$ 251,467	4,966,102	22,788
<b>Total current liabilities</b>	<b>25,257,110</b>	<b>2,028,940</b>	<b>26,913,354</b>	<b>1,880,074</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	910,350		1,067,600	
Accrued vacation costs	3,512,282		3,069,258	
Endowments invested on behalf of primary government		4,368,448		3,559,576
Other payables		2,072,993		1,700,144
Revenue bonds and notes payable	72,652,761		79,445,253	
Net pension liability	58,742,896		52,763,819	
<b>Total noncurrent liabilities</b>	<b>135,818,289</b>	<b>6,441,441</b>	<b>136,345,930</b>	<b>5,259,720</b>
<b>Total liabilities</b>	<b>161,075,399</b>	<b>8,470,381</b>	<b>163,259,284</b>	<b>7,139,794</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>19,005,473</b>		<b>22,315,118</b>	
<b>NET POSITION</b>				
Unrestricted	68,002,115	13,329,566	67,465,261	7,690,048
Net investment in capital assets	354,273,005		353,913,568	
Restricted:				
Expendable:				
Loans	340,228		544,889	
Net assets with donor restrictions		93,598,804		71,712,454
<b>Total net position</b>	<b>422,615,348</b>	<b>106,928,370</b>	<b>421,923,718</b>	<b>79,402,502</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 602,696,220</b>	<b>\$ 115,398,751</b>	<b>\$ 607,498,120</b>	<b>\$ 86,542,296</b>

**SALISBURY UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 72,905,557		\$ 79,098,011	
Less: scholarship allowances	(20,505,248)	\$ 52,400,309	(21,245,455)	\$ 57,852,556
Federal grants and contracts		2,162,079		1,676,021
State and local grants and contracts		4,614,704		4,470,380
Nongovernmental grants and contracts		420,357		431,168
Sales and services of educational departments		257,080		218,930
Auxiliary enterprises:				
Residential facilities	25,626,573		24,943,307	
Less: scholarship allowances	(917,464)	24,709,109	(916,872)	24,026,435
Dining facilities	9,420,314		12,411,816	
Less: scholarship allowances	(7,349)	9,412,965	(26,446)	12,385,370
Intercollegiate athletics		6,124,850		5,097,812
Bookstore		3,280,325		3,589,334
Parking facilities		619,486		715,430
Other auxiliary enterprises revenues	1,514,550		3,213,974	
Less: scholarship allowances	(10,146)	1,504,404	(7,936)	3,206,038
<b>Total operating revenues</b>	<b>105,505,668</b>		<b>113,669,474</b>	
<b>OPERATING EXPENSES</b>				
Instruction		61,638,154		62,788,272
Research		1,757,948		1,519,878
Public service		7,707,620		7,680,177
Academic support		18,375,419		18,235,109
Student services		10,587,454		8,441,365
Institutional support		19,700,811		19,355,110
Operation and maintenance of plant		23,569,559		23,697,181
Scholarships and fellowships		3,755,779		2,365,136
Auxiliary enterprises:				
Residential facilities		13,505,557		13,637,090
Dining facilities		10,538,195		12,017,824
Intercollegiate athletics		6,251,880		6,797,671
Bookstore		3,669,735		3,527,695
Parking facilities		925,752		840,390
Other auxiliary enterprises expenses		2,491,360		2,242,965
<b>Total operating expenses</b>		<b>184,475,223</b>		<b>183,145,863</b>
<b>Operating loss</b>		<b>(78,969,555)</b>		<b>(69,476,389)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		60,827,717		58,280,356
Pell grants		7,995,076		8,775,599
Other nonoperating grants		12,057,951		6,146,915
Gifts				
Investment income	1,389,479		2,104,058	
Less: investment expense	(10,485)	\$ 4,350,683	(9,302)	\$ 4,261,996
Interest on indebtedness		1,378,994		(1,747,457)
Other revenues, (expenses), gains and (losses)		(2,006,467)		2,094,756
Other affiliated foundation revenues		(243,511)		(2,539,153)
Other affiliated foundation expenses				(63,540)
Transfers (to) other University System of Maryland institutions		187,907		1,217,116
		(3,921,776)		(5,669,120)
		(436,089)		(2,014,782)
<b>Total nonoperating revenues (expenses)</b>		<b>79,573,671</b>		<b>70,680,151</b>
<b>Income (loss) before other revenues</b>		<b>604,116</b>		<b>(1,937,465)</b>
<b>Income (loss) before other revenues</b>		<b>27,525,868</b>		<b>1,203,762</b>
<b>Income (loss) before other revenues</b>		<b>604,116</b>		<b>(1,937,465)</b>
<b>OTHER REVENUES</b>				
Capital appropriations		22,325		
Capital gifts and grants		65,189		100,046
<b>Total other revenues</b>		<b>87,514</b>		<b>100,046</b>
<b>Increase (decrease) in net position</b>		<b>691,630</b>		<b>1,303,808</b>
<b>Net position - beginning of year</b>		<b>421,923,718</b>		<b>80,994,942</b>
<b>Change in reporting entity</b>				<b>345,025</b>
<b>Net position - end of year</b>		<b>\$ 422,615,348</b>		<b>\$ 79,402,502</b>
		<b>\$ 106,928,370</b>		<b>\$ 421,923,718</b>

**SALISBURY UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 53,201,092	\$ 57,414,364
Research contracts and grants	8,292,941	5,167,647
Payments to employees	(124,253,150)	(123,135,844)
Payments to suppliers and contractors	(37,407,144)	(40,917,634)
Collection of loans to students	127,709	170,551
Auxiliary enterprises:		
Residential facilities	22,947,476	23,774,701
Dining facilities	9,418,024	13,415,930
Intercollegiate athletics	6,124,770	5,555,137
Bookstores	3,280,325	3,589,334
Parking facilities	619,486	736,868
Other	1,508,749	3,223,205
Other receipts (payments)	<u>(2,132,529)</u>	<u>498,908</u>
<b>Net cash provided (used) by operating activities</b>	<u>(58,272,251)</u>	<u>(50,506,833)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	60,827,717	58,280,356
Pell grants	7,995,076	8,775,599
Student direct lending payments	(43,153,592)	(50,750,734)
Student direct lending receipts	43,153,592	50,750,734
Other nonoperating grants	<u>12,057,951</u>	<u>6,715,980</u>
<b>Net cash provided by noncapital financing activities</b>	<u>80,880,744</u>	<u>73,771,935</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	8,507,444	28,418,458
Capital appropriations	799,907	
Purchases of capital assets	(9,679,459)	(14,333,369)
Principal paid on debt and capital leases	(14,276,785)	(34,196,972)
Interest paid on debt and capital leases	(3,738,463)	(3,990,864)
Transfers (to) other University System of Maryland institutions	<u>884,880</u>	<u>(3,965,462)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(17,502,476)</u>	<u>(28,068,209)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	149,365	159,782
Interest on investments	420,757	2,071,946
Investment expense	<u>(10,485)</u>	<u>(9,302)</u>
<b>Net cash provided by investing activities</b>	<u>559,637</u>	<u>2,222,426</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	5,665,654	(2,580,681)
<b>Cash and cash equivalents - beginning of year</b>	<u>123,813,326</u>	<u>126,394,007</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 129,478,980</u>	<u>\$ 123,813,326</u>

UNIVERSITY OF MARYLAND GLOBAL CAMPUS  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 351,599,421		\$ 350,513,025	
Accounts receivable, net	40,838,007	\$ 37,955	43,524,651	\$ 74,462
Notes receivable, current portion, net			3,070	
Inventories	23,291		37,363	
Prepaid expenses and other	10,304,819	750	8,035,249	750
Inter-institutional balances	40,931		776,634	
<b>Total current assets</b>	<b>402,806,469</b>	<b>38,705</b>	<b>402,889,992</b>	<b>75,212</b>
<b>Noncurrent assets</b>				
Accounts receivable, net		509,790		758,752
Endowment investments	12,655,590	42,503,356	10,111,035	34,551,131
Other investments	21,126,640	14,919,733	20,457,409	12,347,167
Capital assets, net	113,872,907	9,247,502	122,020,326	8,950,502
<b>Total noncurrent assets</b>	<b>147,655,137</b>	<b>67,180,381</b>	<b>152,588,770</b>	<b>56,607,552</b>
<b>Total assets</b>	<b>550,461,606</b>	<b>67,219,086</b>	<b>555,478,762</b>	<b>56,682,764</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>10,764,751</u>		<u>11,116,058</u>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 561,226,357</b>	<b>\$ 67,219,086</b>	<b>\$ 566,594,820</b>	<b>\$ 56,682,764</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 25,475,363	\$ 120	\$ 25,960,905	\$ 120
Accrued workers' compensation, current portion	115,350		117,150	
Accrued vacation costs, current portion	10,234,590		9,152,423	
Unearned revenues	47,769,100		52,109,222	
<b>Total current liabilities</b>	<b>83,594,403</b>	<b>120</b>	<b>87,339,700</b>	<b>120</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	653,650		663,850	
Accrued vacation costs	7,629,968		6,405,691	
Endowments invested on behalf of primary government		12,655,590		10,111,035
Net pension liability	49,784,399		45,001,137	
<b>Total noncurrent liabilities</b>	<b>58,068,017</b>	<b>12,655,590</b>	<b>52,070,678</b>	<b>10,111,035</b>
<b>Total liabilities</b>	<b>141,662,420</b>	<b>12,655,710</b>	<b>139,410,378</b>	<b>10,111,155</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>863,320</u>		<u>2,102,326</u>	
<b>NET POSITION</b>				
Unrestricted	304,439,632	11,719,569	302,952,934	6,250,112
Net investment in capital assets	113,872,907		122,020,326	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423		29,423	
Expendable:				
Scholarships and fellowships	35,071		35,071	
Research	322,727			
Loans	857		44,362	
Net assets with donor restrictions		42,843,807		40,321,497
<b>Total net position</b>	<b>418,700,617</b>	<b>54,563,376</b>	<b>425,082,116</b>	<b>46,571,609</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 561,226,357</b>	<b>\$ 67,219,086</b>	<b>\$ 566,594,820</b>	<b>\$ 56,682,764</b>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 360,628,279		\$ 346,603,273	
Less: scholarship allowances	<u>(44,839,439)</u>	\$ 315,788,840	<u>(46,756,990)</u>	\$ 299,846,283
Federal grants and contracts	1,807,101		2,144,771	
State and local grants and contracts	3,375,713		3,771,580	
Nongovernmental grants and contracts	2,380,483		1,974,240	
Sales and services of educational departments	765,307		426,246	
Auxiliary enterprises:				
Bookstore	3,017		4,607	
Parking facilities			780	
Other operating revenues	<u>5,887,709</u>		<u>15,340,577</u>	
<b>Total operating revenues</b>	<u>330,008,170</u>		<u>323,509,084</u>	
<b>OPERATING EXPENSES</b>				
Instruction	103,815,255		102,211,830	
Public service	6,537,104		14,078,366	
Academic support	72,841,013		71,693,583	
Student services	142,862,070		143,101,314	
Institutional support	66,880,220		64,907,007	
Operation and maintenance of plant	18,704,569		19,904,558	
Scholarships and fellowships	37,747,713		29,402,173	
Auxiliary enterprises:				
Bookstore	12,495		12,644	
Parking facilities			116,411	
<b>Total operating expenses</b>	<u>449,400,439</u>		<u>445,427,886</u>	
<b>Operating loss</b>	<u>(119,392,269)</u>		<u>(121,918,802)</u>	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	44,297,206		44,322,848	
Pell grants	49,562,224		49,721,856	
Other nonoperating grants	20,352,306		74,323	
Gifts		\$ 671,964	5,324	\$ 18,171,700
Investment income	4,494,177	8,871,236	40,600,449	361,172
Less: investment expense	<u>(29,969)</u>		<u>(26,251)</u>	
Other revenues, (expenses), gains and (losses)	(64,617)		(16,839,471)	
Other affiliated foundation revenues		14,570		48,981
Other affiliated foundation expenses		(1,566,003)		(1,720,828)
Transfers (to) other University System of Maryland institutions	<u>(5,600,557)</u>		<u>(382,895)</u>	
<b>Total nonoperating revenues</b>	<u>113,010,770</u>	<u>7,991,767</u>	<u>117,476,183</u>	<u>16,861,025</u>
<b>Increase (decrease) in net position</b>	<u>(6,381,499)</u>	<u>7,991,767</u>	<u>(4,442,619)</u>	<u>16,861,025</u>
<b>Net position - beginning of year</b>	<u>425,082,116</u>	<u>46,571,609</u>	<u>429,524,735</u>	<u>29,710,584</u>
<b>Net position - end of year</b>	<u>\$ 418,700,617</u>	<u>\$ 54,563,376</u>	<u>\$ 425,082,116</u>	<u>\$ 46,571,609</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 308,464,437	\$ 308,069,617
Research contracts and grants	12,911,349	4,306,410
Payments to employees	(270,327,605)	(259,815,596)
Payments to suppliers and contractors	(165,756,527)	(167,397,901)
Collection of loans to students	3,070	1,255,788
Auxiliary enterprises:		
Bookstores	3,017	4,607
Parking facilities		780
Other receipts (payments)	<u>7,302,362</u>	<u>(4,734,691)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(107,399,897)</u>	<u>(118,310,986)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	44,297,206	44,322,848
Pell grants	49,562,224	49,721,856
Student direct lending payments	(152,306,061)	(171,283,169)
Student direct lending receipts	152,306,061	171,283,169
Other nonoperating grants	<u>20,273,806</u>	<u>74,323</u>
<b>Net cash provided by noncapital financing activities</b>	<u>114,133,236</u>	<u>94,119,027</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sales of capital assets	32,994	68,817
Purchases of capital assets	(1,755,536)	(2,638,163)
Transfers (to) other University System of Maryland institutions	<u>(4,864,854)</u>	<u>(821,996)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(6,587,396)</u>	<u>(3,391,342)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	177,124	35,622,066
Interest on investments	1,043,298	4,505,719
Investment expense	(29,969)	(26,251)
Purchases of investments	<u>(250,000)</u>	<u>(11,947,062)</u>
<b>Net cash provided by investing activities</b>	<u>940,453</u>	<u>28,154,472</u>
<b>Net increase in cash and cash equivalents</b>	1,086,396	571,171
<b>Cash and cash equivalents - beginning of year</b>	<u>350,513,025</u>	<u>349,941,854</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 351,599,421</u>	<u>\$ 350,513,025</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 162,129,181	\$ 785,038	\$ 173,506,017	\$ 685,433
Accounts receivable, net	20,375,939	566,149	18,612,700	1,632,216
Notes receivable, current portion, net	388,923		433,253	
Inventories	554,501		527,944	
Prepaid expenses and other	3,054,528	120,678	3,571,215	118,072
Inter-institutional balances	1,310,864		(752,953)	
<b>Total current assets</b>	<b>187,813,936</b>	<b>1,471,865</b>	<b>195,898,176</b>	<b>2,435,721</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	837,110			
Accounts receivable, net		3,186,485		5,058,798
Endowment investments	11,374,931	125,980,132	9,332,940	102,354,652
Other investments	275,000	43,396,979		36,598,516
Notes receivable, net	775,676		865,702	
Capital assets, net	659,166,870	2,508,121	647,035,618	2,473,846
<b>Total noncurrent assets</b>	<b>672,429,587</b>	<b>175,071,717</b>	<b>657,234,260</b>	<b>146,485,812</b>
<b>Total assets</b>	<b>860,243,523</b>	<b>176,543,582</b>	<b>853,132,436</b>	<b>148,921,533</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<b>39,585,584</b>		<b>41,790,863</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 899,829,107</b>	<b>\$ 176,543,582</b>	<b>\$ 894,923,299</b>	<b>\$ 148,921,533</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 24,796,333	\$ 44,660	\$ 24,857,552	\$ 127,626
Accrued workers' compensation, current portion	189,900		178,050	
Accrued vacation costs, current portion	11,699,722		9,778,550	
Revenue bonds and notes payable, current portion	9,267,635		9,902,453	
Unearned revenues	15,297,245	5,056,127	13,276,026	5,208,884
<b>Total current liabilities</b>	<b>61,250,835</b>	<b>5,100,787</b>	<b>57,992,631</b>	<b>5,336,510</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	1,076,100		1,008,950	
Accrued vacation costs	5,296,445		7,265,951	
Endowments invested on behalf of primary government		11,374,931		9,332,940
Revenue bonds and notes payable	147,912,725		130,576,667	
Net pension liability	138,759,800		125,605,831	
<b>Total noncurrent liabilities</b>	<b>293,045,070</b>	<b>11,374,931</b>	<b>264,457,399</b>	<b>9,332,940</b>
<b>Total liabilities</b>	<b>354,295,905</b>	<b>16,475,718</b>	<b>322,450,030</b>	<b>14,669,450</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<b>33,253,387</b>		<b>38,457,839</b>	
<b>NET POSITION</b>				
Unrestricted	33,401,351	25,373,729	51,885,185	29,265,725
Net investment in capital assets	477,583,392		480,700,815	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474		130,474	
Expendable:				
Loans	1,164,598		1,298,956	
Net assets with donor restrictions		134,694,135		104,986,358
<b>Total net position</b>	<b>512,279,815</b>	<b>160,067,864</b>	<b>534,015,430</b>	<b>134,252,083</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 899,829,107</b>	<b>\$ 176,543,582</b>	<b>\$ 894,923,299</b>	<b>\$ 148,921,533</b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 136,290,279		\$ 138,442,614	
Less: scholarship allowances	<u>(28,263,462)</u>	\$ 108,026,817	<u>(26,090,532)</u>	\$ 112,352,082
Federal grants and contracts		43,480,302		43,112,944
State and local grants and contracts		35,732,325		36,198,453
Nongovernmental grants and contracts		17,395,335		13,468,526
Sales and services of educational departments		1,111,757		3,197,993
Auxiliary enterprises:				
Residential facilities	9,071,821		21,887,354	
Less: scholarship allowances	<u>(1,914,244)</u>	7,157,577	<u>(3,601,157)</u>	18,286,197
Dining facilities	3,391,213		10,544,601	
Less: scholarship allowances	<u>(645,053)</u>	2,746,160	<u>(1,857,509)</u>	8,687,092
Intercollegiate athletics		863,575		9,516,584
Bookstore	2,578,487		3,678,988	
Less: scholarship allowances	<u>(3,786)</u>	2,574,701	<u>(3,189)</u>	3,675,799
Parking facilities		35,280		1,549,188
Other auxiliary enterprises revenues		3,903,301		17,757,436
Other operating revenues		<u>14,363,947</u>		<u>17,158,978</u>
<b>Total operating revenues</b>		<u>237,391,077</u>		<u>284,961,272</u>
<b>OPERATING EXPENSES</b>				
Instruction		137,494,914		133,883,912
Research		67,182,070		68,118,895
Public service		21,700,547		21,254,673
Academic support		26,212,207		25,263,177
Student services		21,522,015		24,759,567
Institutional support		44,071,998		42,879,114
Operation and maintenance of plant		49,060,704		47,569,044
Scholarships and fellowships		32,466,283		27,850,755
Auxiliary enterprises:				
Residential facilities		14,159,172		25,939,101
Dining facilities		2,171,085		10,297,559
Intercollegiate athletics		8,895,806		11,390,325
Bookstore		2,641,340		3,791,117
Parking facilities		1,002,178		1,304,770
Other auxiliary enterprises expenses		<u>20,777,760</u>		<u>17,695,504</u>
<b>Total operating expenses</b>		<u>449,358,079</u>		<u>461,997,513</u>
<b>Operating loss</b>		<u>(211,967,002)</u>		<u>(177,036,241)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		150,547,287		146,608,173
Pell grants		16,075,524		15,716,042
Other nonoperating grants		21,795,030		5,349,169
Gifts		6,336	\$ 5,608,420	800
Investment income	3,154,288		2,952,756	\$ 6,723,614
Less: investment expense	<u>(30,349)</u>	3,123,939	<u>(27,014)</u>	1,716,155
Interest on indebtedness		(4,217,254)		2,925,742
Other revenues, (expenses), gains and (losses)		(58,268)		(4,550,700)
Other affiliated foundation revenues			1,833,561	(182,340)
Other affiliated foundation expenses			(11,169,675)	2,266,944
Transfers (to) other University System of Maryland institutions		<u>(2,249,031)</u>		<u>(11,082,034)</u>
<b>Total nonoperating revenues (expenses)</b>		<u>185,023,563</u>	<u>25,815,781</u>	<u>161,043,528</u>
<b>Income (loss) before other revenues</b>		<u>(26,943,439)</u>	<u>25,815,781</u>	<u>(15,992,713)</u>
<b>OTHER REVENUES</b>				
Capital appropriations		<u>5,207,824</u>		<u>14,857,575</u>
<b>Total other revenues</b>		<u>5,207,824</u>		<u>14,857,575</u>
<b>Increase (decrease) in net position</b>		<u>(21,735,615)</u>	<u>25,815,781</u>	<u>(1,135,138)</u>
<b>Net position - beginning of year</b>		<u>534,015,430</u>	<u>134,252,083</u>	<u>535,150,568</u>
<b>Net position - end of year</b>		<u>\$ 512,279,815</u>	<u>\$ 160,067,864</u>	<u>\$ 534,015,430</u>

**UNIVERSITY MARYLAND, BALTIMORE COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 107,860,720	\$ 118,072,082
Research contracts and grants	94,292,662	88,075,479
Payments to employees	(277,435,960)	(275,417,605)
Payments to suppliers and contractors	(132,241,737)	(147,625,991)
Loans issued to students	(58,246)	(482,811)
Collection of loans to students	192,602	741,925
Auxiliary enterprises:		
Residential facilities	5,525,831	16,415,803
Dining facilities	2,809,635	8,652,314
Intercollegiate athletics	883,536	9,478,484
Bookstores	2,634,213	3,661,083
Parking facilities	36,095	1,542,986
Other	3,993,521	17,686,345
Other receipts	<u>18,009,317</u>	<u>20,388,376</u>
<b>Net cash provided (used) by operating activities</b>	<u>(173,497,811)</u>	<u>(138,811,530)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	150,547,287	146,608,173
Pell grants	16,075,524	15,716,042
Student direct lending payments	(33,479,784)	(46,554,568)
Student direct lending receipts	33,479,784	46,554,568
Other nonoperating grants	<u>19,282,388</u>	<u>3,203,983</u>
<b>Net cash provided by noncapital financing activities</b>	<u>185,905,199</u>	<u>165,528,198</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	31,899,512	10,806,027
Capital appropriations	7,193,197	14,857,575
Purchases of capital assets	(39,507,668)	(22,353,690)
Principal paid on debt and capital leases	(27,575,581)	(21,832,285)
Interest paid on debt and capital leases	(6,573,144)	(5,835,229)
Transfers from other University System of Maryland institutions	<u>10,764,971</u>	<u>1,087,761</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(23,798,713)</u>	<u>(23,269,841)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	467,229	376,566
Interest on investments	614,719	2,868,784
Investment expense	(30,349)	(27,014)
Purchases of investments	<u>(200,000)</u>	<u></u>
<b>Net cash provided by investing activities</b>	<u>851,599</u>	<u>3,218,336</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(10,539,726)	6,665,163
<b>Cash and cash equivalents - beginning of year</b>	<u>173,506,017</u>	<u>166,840,854</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 162,966,291</u>	<u>\$ 173,506,017</u>

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
 STATEMENTS OF NET POSITION  
 JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 23,007,696		\$ 21,603,922	
Accounts receivable, net	3,921,672	\$ 3,308	3,067,192	\$ 3,308
Inter-institutional balances	280,735		3,058	
<b>Total current assets</b>	<b>27,210,103</b>	<b>3,308</b>	<b>24,674,172</b>	<b>3,308</b>
<b>Noncurrent assets</b>				
Endowment investments	485,566	4,045,135	394,426	3,409,376
Other investments	50,000	3,706,955	50,000	3,149,900
Capital assets, net	70,244,289	3,549	75,716,054	5,049
<b>Total noncurrent assets</b>	<b>70,779,855</b>	<b>7,755,639</b>	<b>76,160,480</b>	<b>6,564,325</b>
<b>Total assets</b>	<b>97,989,958</b>	<b>7,758,947</b>	<b>100,834,652</b>	<b>6,567,633</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	3,836,913		4,054,783	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 101,826,871</b>	<b>\$ 7,758,947</b>	<b>\$ 104,889,435</b>	<b>\$ 6,567,633</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,533,475		\$ 1,116,230	
Accrued workers' compensation, current portion	6,750		12,300	
Accrued vacation costs, current portion	1,835,130		1,783,661	
Revenue bonds and notes payable, current portion	559,150		814,044	
Unearned revenues	637,320		355,998	
<b>Total current liabilities</b>	<b>4,571,825</b>		<b>4,082,233</b>	
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	38,250		69,700	
Accrued vacation costs	1,822,094		1,711,290	
Endowments invested on behalf of primary government		\$ 485,566		\$ 394,426
Revenue bonds and notes payable	5,277,259		5,887,951	
Net pension liability	12,620,580		11,424,765	
<b>Total noncurrent liabilities</b>	<b>19,758,183</b>	<b>485,566</b>	<b>19,093,706</b>	<b>394,426</b>
<b>Total liabilities</b>	<b>24,330,008</b>	<b>485,566</b>	<b>23,175,939</b>	<b>394,426</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	488,175		797,926	
<b>NET POSITION</b>				
Unrestricted	12,559,353	890,057	11,847,170	973,018
Net investment in capital assets	64,449,335		69,068,400	
Restricted:				
Expendable:				
Net assets with donor restrictions		6,383,324		5,200,189
<b>Total net position</b>	<b>77,008,688</b>	<b>7,273,381</b>	<b>80,915,570</b>	<b>6,173,207</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 101,826,871</b>	<b>\$ 7,758,947</b>	<b>\$ 104,889,435</b>	<b>\$ 6,567,633</b>

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Federal grants and contracts	\$ 13,083,834		\$ 15,871,205	
State and local grants and contracts	3,789,296		2,612,506	
Nongovernmental grants and contracts	4,437,134		3,949,422	
Sales and services of educational departments	<u>2,987,700</u>		<u>2,664,944</u>	
<b>Total operating revenues</b>	<u>24,297,964</u>		<u>25,098,077</u>	
<b>OPERATING EXPENSES</b>				
Research	51,219,091		49,730,291	
Operation and maintenance of plant	<u>421,664</u>		<u>405,468</u>	
<b>Total operating expenses</b>	<u>51,640,755</u>		<u>50,135,759</u>	
<b>Operating loss</b>	<u>(27,342,791)</u>		<u>(25,037,682)</u>	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	22,751,879		23,615,565	
Other nonoperating grants			59,274	
Gifts		\$ 1,708,143		\$ 1,472,215
Investment income	195,931	907,497	323,310	47,154
Interest on indebtedness	(174,171)		(145,561)	
Other affiliated foundation revenues				1,635
Other affiliated foundation expenses		(1,515,466)		(603,417)
Transfers from other University System of Maryland institutions	<u>662,270</u>		<u>535,308</u>	
<b>Total nonoperating revenues</b>	<u>23,435,909</u>	<u>1,100,174</u>	<u>24,387,896</u>	<u>917,587</u>
<b>Income (loss) before other revenues</b>	<u>(3,906,882)</u>	<u>1,100,174</u>	<u>(649,786)</u>	<u>917,587</u>
<b>OTHER REVENUES</b>				
Capital appropriations			186,471	
<b>Total other revenues</b>			<u>186,471</u>	
<b>Increase (decrease) in net position</b>	(3,906,882)	1,100,174	(463,315)	917,587
<b>Net position - beginning of year</b>	<u>80,915,570</u>	<u>6,173,207</u>	<u>81,378,885</u>	<u>5,255,620</u>
<b>Net position - end of year</b>	<u>\$ 77,008,688</u>	<u>\$ 7,273,381</u>	<u>\$ 80,915,570</u>	<u>\$ 6,173,207</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Research contracts and grants	\$ 20,737,106	\$ 24,405,525
Payments to employees	(31,356,237)	(31,783,582)
Payments to suppliers and contractors	(12,297,144)	(14,686,196)
Other receipts	<u>2,758,850</u>	<u>2,852,493</u>
<b>Net cash provided (used) by operating activities</b>	<u>(20,157,425)</u>	<u>(19,211,760)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	22,751,879	23,615,565
Other nonoperating grants		<u>80,237</u>
<b>Net cash provided by noncapital financing activities</b>	<u>22,751,879</u>	<u>23,695,802</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	1,101,021	108,615
Capital appropriations	303,615	186,471
Purchases of capital assets	(954,955)	(2,683,315)
Principal paid on debt and capital leases	(1,888,023)	(815,077)
Interest paid on debt and capital leases	(265,310)	(197,245)
Transfers from other University System of Maryland institutions	<u>408,181</u>	<u>2,192,932</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,295,471)</u>	<u>(1,207,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	16,343	
Interest on investments	88,448	319,821
Purchases of investments		<u>(50,000)</u>
<b>Net cash provided by investing activities</b>	<u>104,791</u>	<u>269,821</u>
<b>Net increase in cash and cash equivalents</b>	1,403,774	3,546,244
<b>Cash and cash equivalents - beginning of year</b>	<u>21,603,922</u>	<u>18,057,678</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 23,007,696</u>	<u>\$ 21,603,922</u>

UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 305,686,302	\$ 114,064	\$ 303,557,715	\$ 70,825
Accounts receivable, net	761,655	202,875	765,307	491,908
Prepaid expenses and other		195,702		84,702
Inter-institutional balances	1,381,237		19,026,751	
<b>Total current assets</b>	<b>307,829,194</b>	<b>512,641</b>	<b>323,349,773</b>	<b>647,435</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	92,975,608		51,665,328	
Accounts receivable, net		441,051		81,732
Endowment investments	29,602,747	22,550,958	23,873,641	17,226,457
Other investments	3,056,251	146,316,403	468,751	120,807,668
Other assets		471,000		468,000
Capital assets, net	310,198,697	2,630,229	260,622,464	4,333,149
<b>Total noncurrent assets</b>	<b>435,833,303</b>	<b>172,409,641</b>	<b>336,630,184</b>	<b>142,917,006</b>
<b>Total assets</b>	<b>743,662,497</b>	<b>172,922,282</b>	<b>659,979,957</b>	<b>143,564,441</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	9,596,414		9,881,176	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 753,258,911</b>	<b>\$ 172,922,282</b>	<b>\$ 669,861,133</b>	<b>\$ 143,564,441</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 17,073,885	\$ 1,693,120	\$ 8,127,889	\$ 5,375,880
Accrued workers' compensation, current portion	7,050		7,200	
Accrued vacation costs, current portion	443,339		103,441	
Revenue bonds and notes payable, current portion	9,290,602		4,925,102	
Obligations under capital lease agreements, current portion	88,509		83,335	
Unearned revenues	363,495	1,336,000		1,240,000
<b>Total current liabilities</b>	<b>27,266,880</b>	<b>3,029,120</b>	<b>13,246,967</b>	<b>6,615,880</b>
<b>Noncurrent liabilities</b>				
Accrued workers' compensation	39,950		40,800	
Accrued vacation costs	1,894,143		2,026,204	
Endowments invested on behalf of primary government		29,602,747		23,873,641
Other payables		96,639,162		77,760,568
Revenue bonds and notes payable	76,501,677		53,562,435	
Obligations under capital lease agreements	3,896,780		3,985,289	
Net pension liability	11,371,358		10,175,543	
<b>Total noncurrent liabilities</b>	<b>93,703,908</b>	<b>126,241,909</b>	<b>69,790,271</b>	<b>101,634,209</b>
<b>Total liabilities</b>	<b>120,970,788</b>	<b>129,271,029</b>	<b>83,037,238</b>	<b>108,250,089</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	8,707,046		9,016,797	
<b>NET POSITION</b>				
Unrestricted	325,738,681	5,621,531	322,513,859	3,583,278
Net investment in capital assets	293,363,925		245,451,104	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,604		347,604	
Other	471,330		471,330	
Expendable:				
Capital projects	3,659,537		9,023,201	
Net assets with donor restrictions		38,029,722		31,731,074
<b>Total net position</b>	<b>623,581,077</b>	<b>43,651,253</b>	<b>577,807,098</b>	<b>35,314,352</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 753,258,911</b>	<b>\$ 172,922,282</b>	<b>\$ 669,861,133</b>	<b>\$ 143,564,441</b>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES</b>				
Federal grants and contracts	\$ 374,066		\$ 691,386	
Nongovernmental grants and contracts			27,308	
Other operating revenues	<u>2,657,774</u>		<u>1,578,590</u>	
<b>Total operating revenues</b>	<u>3,031,840</u>		<u>2,297,284</u>	
<b>OPERATING EXPENSES</b>				
Academic support	7,182,064		9,403,406	
Institutional support	<u>26,670,620</u>		<u>21,604,924</u>	
<b>Total operating expenses</b>	<u>33,852,684</u>		<u>31,008,330</u>	
<b>Operating loss</b>	<u>(30,820,844)</u>		<u>(28,711,046)</u>	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	43,310,858		40,882,926	
Other nonoperating grants			37,436	
Gifts		\$ 3,715,516		\$ 2,235,890
Investment income	\$ 7,478,097	4,719,939	\$ 7,951,894	(2,603,537)
Less: investment expense	<u>(65,482)</u>	7,412,615	<u>(58,540)</u>	7,893,354
Interest on indebtedness		(3,461,384)		(5,487,280)
Other revenues, (expenses), gains and (losses)		(1,702,182)		(1,427,595)
Other affiliated foundation revenues		5,630,689		4,794,055
Other affiliated foundation expenses		(5,729,243)		(3,020,282)
Transfers (to) from other University System of Maryland institutions		<u>(20,108,037)</u>		<u>13,913,684</u>
<b>Total nonoperating revenues</b>	<u>25,451,870</u>	<u>8,336,901</u>	<u>55,812,525</u>	<u>1,406,126</u>
<b>Income (loss) before other revenues</b>	<u>(5,368,974)</u>	<u>8,336,901</u>	<u>27,101,479</u>	<u>1,406,126</u>
<b>OTHER REVENUES</b>				
Capital appropriations	<u>51,142,953</u>		<u>31,520,105</u>	
<b>Total other revenues</b>	<u>51,142,953</u>		<u>31,520,105</u>	
<b>Increase in net position</b>	45,773,979	8,336,901	58,621,584	1,406,126
<b>Net position - beginning of year</b>	<u>577,807,098</u>	<u>35,314,352</u>	<u>519,185,514</u>	<u>33,908,226</u>
<b>Net position - end of year</b>	<u>\$ 623,581,077</u>	<u>\$ 43,651,253</u>	<u>\$ 577,807,098</u>	<u>\$ 35,314,352</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Research contracts and grants	\$ 356,944	\$ 709,555
Payments to employees	(17,129,862)	(16,647,335)
Payments to suppliers and contractors	(10,298,177)	(3,709,107)
Other receipts (payments)	<u>6,569,701</u>	<u>(386,171)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(20,501,394)</u>	<u>(20,033,058)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	43,310,858	40,882,926
Other nonoperating grants		<u>322,566</u>
<b>Net cash provided by noncapital financing activities</b>	<u>43,310,858</u>	<u>41,205,492</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	101,035,085	746,791
Capital appropriations	51,142,953	31,520,105
Purchases of capital assets	(51,166,199)	(38,167,215)
Principal paid on debt and capital leases	(3,707,182)	(6,279,454)
Interest paid on debt and capital leases	(1,494,454)	(7,181,045)
Transfers (to) other University System of Maryland institutions	<u>(72,306,423)</u>	<u>(79,386,370)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>23,503,780</u>	<u>(98,747,188)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	703,044	802,149
Interest on investments	980,561	7,741,255
Investment expense	(65,482)	(58,540)
Purchases of investments	<u>(4,492,500)</u>	<u>952,500</u>
<b>Net cash provided (used) by investing activities</b>	<u>(2,874,377)</u>	<u>9,437,364</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	43,438,867	(68,137,390)
<b>Cash and cash equivalents - beginning of year</b>	<u>355,223,043</u>	<u>423,360,433</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 398,661,910</u>	<u>\$ 355,223,043</u>

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UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF FINANCIAL POSITION, NONMAJOR COMPONENT UNITS  
JUNE 30, 2021

	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	University of Maryland County Research Park, Inc.	Total Nonmajor Component Units
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	\$ 2,972,970	\$ 3,832,517	\$ 439,076	\$ 3,282,255	\$ 16,899,141	\$ 2,052,849	\$ 785,038	\$ 30,263,846
Accounts receivable, net		79,019	214,534	480,163	42,645	3,659,250	202,335	4,677,946
Other assets		417,130	14,913	4,331		19,306	102,630	558,310
<b>Total current assets</b>	<b>2,972,970</b>	<b>4,328,666</b>	<b>668,523</b>	<b>3,766,749</b>	<b>16,941,786</b>	<b>5,731,405</b>	<b>1,090,003</b>	<b>35,500,102</b>
<b>Investments</b>								
Endowment investments	36,271,187	102,958,838	31,085,568	11,647,587	68,720,950	96,469,247		347,153,377
Other investments			5,641,914		5,170,919	4,973,163	13,287,300	29,073,296
<b>Total investments</b>	<b>36,271,187</b>	<b>102,958,838</b>	<b>36,727,482</b>	<b>11,647,587</b>	<b>73,891,869</b>	<b>101,442,410</b>	<b>13,287,300</b>	<b>376,226,673</b>
<b>Noncurrent assets</b>								
Accounts receivable, net	2,263,171	2,721,399	948,818		3,987,257	1,580,707		11,501,352
Capital assets, net		142	8,550	206,500	584,846	151,898	2,428,903	3,380,839
Other assets			394,371		79,620	2,123,883		2,597,874
<b>Total noncurrent assets</b>	<b>2,263,171</b>	<b>2,721,541</b>	<b>1,351,739</b>	<b>206,500</b>	<b>4,651,723</b>	<b>3,856,488</b>	<b>2,428,903</b>	<b>17,480,065</b>
<b>Total assets</b>	<b>\$ 41,507,328</b>	<b>\$ 110,009,045</b>	<b>\$ 38,747,744</b>	<b>\$ 15,620,836</b>	<b>\$ 95,485,378</b>	<b>\$ 111,030,303</b>	<b>\$ 16,806,206</b>	<b>\$ 429,206,840</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Accounts payable & accrued expenses	\$ 759,306	\$ 701,860	\$ 19,353	\$ 75,844	\$ 385,178	\$ 24,987	\$ 46,139	\$ 2,012,667
Long-term debt, current						1,752,486		1,752,486
Unearned revenues			3,025		405,791	251,467	5,056,127	5,716,410
<b>Total current liabilities</b>	<b>759,306</b>	<b>701,860</b>	<b>22,378</b>	<b>75,844</b>	<b>790,969</b>	<b>2,028,940</b>	<b>5,102,266</b>	<b>9,481,563</b>
<b>Noncurrent liabilities</b>								
Other payables			20,878	6,787		2,072,993		2,100,658
<b>Total noncurrent liabilities</b>			<b>20,878</b>	<b>6,787</b>		<b>2,072,993</b>		<b>2,100,658</b>
<b>Total liabilities</b>	<b>759,306</b>	<b>701,860</b>	<b>43,256</b>	<b>82,631</b>	<b>790,969</b>	<b>4,101,933</b>	<b>5,102,266</b>	<b>11,582,221</b>
<b>NET ASSETS</b>								
Without donor restrictions	25,805,836	4,599,785	3,124,035	514,624	8,567,948	13,329,566	11,703,940	67,645,734
With donor restrictions	14,942,186	104,707,400	35,580,453	15,023,581	86,126,461	93,598,804		349,978,885
<b>Total net assets</b>	<b>40,748,022</b>	<b>109,307,185</b>	<b>38,704,488</b>	<b>15,538,205</b>	<b>94,694,409</b>	<b>106,928,370</b>	<b>11,703,940</b>	<b>417,624,619</b>
<b>Total liabilities and net assets</b>	<b>\$ 41,507,328</b>	<b>\$ 110,009,045</b>	<b>\$ 38,747,744</b>	<b>\$ 15,620,836</b>	<b>\$ 95,485,378</b>	<b>\$ 111,030,303</b>	<b>\$ 16,806,206</b>	<b>\$ 429,206,840</b>

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Audit Committee Meeting - Open Session Agenda

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
<b>ASSETS</b>								
<b>Current Assets</b>								
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	82,630	674,448	24,683	4,241,959	259,421	5,377,280	5,377,280
Other assets	308,027	19,626	143,066		28,784		100,024	599,527
<b>Total current assets</b>	<b>1,845,397</b>	<b>2,147,784</b>	<b>479,679</b>	<b>4,643,196</b>	<b>11,989,807</b>	<b>6,103,123</b>	<b>1,044,878</b>	<b>28,253,864</b>
<b>Investments</b>								
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
<b>Total investments</b>	<b>8,872,726</b>	<b>81,955,775</b>	<b>27,946,798</b>	<b>8,622,460</b>	<b>56,667,428</b>	<b>72,582,340</b>	<b>11,098,152</b>	<b>267,745,679</b>
<b>Noncurrent assets</b>								
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	3,435,449
Other assets			380,271		61,084	2,129,014		2,570,369
<b>Total noncurrent assets</b>	<b>450,176</b>	<b>2,344,778</b>	<b>1,561,346</b>	<b>169,700</b>	<b>5,500,172</b>	<b>4,297,257</b>	<b>2,473,846</b>	<b>16,797,275</b>
<b>Total assets</b>	<b>\$ 11,168,299</b>	<b>\$ 86,448,337</b>	<b>\$ 29,987,823</b>	<b>\$ 13,435,356</b>	<b>\$ 74,157,407</b>	<b>\$ 82,982,720</b>	<b>\$ 14,616,876</b>	<b>\$ 312,796,818</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Accounts payable & accrued expenses	\$ 347,534	\$ 773,653	\$ 22,249	\$ 115,491	\$ 407,936	\$	\$ 128,126	\$ 1,794,989
Long-term debt, current			220		707,099	\$ 1,857,286		1,857,286
Unearned revenues						22,788	5,208,884	5,938,991
<b>Total current liabilities</b>	<b>347,534</b>	<b>773,653</b>	<b>22,469</b>	<b>115,491</b>	<b>1,115,035</b>	<b>1,880,074</b>	<b>5,337,010</b>	<b>9,591,266</b>
<b>Noncurrent liabilities</b>								
Other payables			44,923	144,233		1,700,144		1,889,300
Long-term debt, noncurrent								
<b>Total noncurrent liabilities</b>			<b>44,923</b>	<b>144,233</b>		<b>1,700,144</b>		<b>1,889,300</b>
<b>Total liabilities</b>	<b>347,534</b>	<b>773,653</b>	<b>67,392</b>	<b>259,724</b>	<b>1,115,035</b>	<b>3,580,218</b>	<b>5,337,010</b>	<b>11,480,566</b>
<b>NET ASSETS</b>								
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
<b>Total net assets</b>	<b>10,820,765</b>	<b>85,674,684</b>	<b>29,920,431</b>	<b>13,175,632</b>	<b>73,042,372</b>	<b>79,402,502</b>	<b>9,279,866</b>	<b>301,316,252</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,168,299</b>	<b>\$ 86,448,337</b>	<b>\$ 29,987,823</b>	<b>\$ 13,435,356</b>	<b>\$ 74,157,407</b>	<b>\$ 82,982,720</b>	<b>\$ 14,616,876</b>	<b>\$ 312,796,818</b>

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Audit Committee Meeting - Open Session Agenda

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS  
YEAR ENDED JUNE 30, 2021

	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
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>								
<b>Revenues</b>								
Contributions & grants	25,000,000	\$ 403,547	\$ 157,560	\$ 104,136	\$ 224,336	\$ 443,067	\$ 195,200	\$ 26,527,846
Investment income	\$ 152,238	1,101,181	554,363	3,890	1,242,981	2,069,707	2,360,013	7,484,373
Other income	127,150	1,033	8,538	145,568	3,918	159,769	1,769,972	2,215,948
Assets released from restrictions	1,234,966	5,621,662	1,946,476	1,416,450	4,234,975	3,683,529		18,138,058
<b>Total revenues</b>	<b>26,514,354</b>	<b>7,127,423</b>	<b>2,666,937</b>	<b>1,670,044</b>	<b>5,706,210</b>	<b>6,356,072</b>	<b>4,325,185</b>	<b>54,366,225</b>
<b>Expenses</b>								
Program	980,621	4,909,824	1,793,254	1,416,450	3,661,687	3,059,817	476,285	16,297,938
General & administrative	173,401	700,021	248,505	85,337	554,210	616,078	227,543	2,605,095
Fundraising	94,945	368,548		821	162,583	245,881		892,778
Other expense							1,197,283	1,197,283
<b>Total expenses</b>	<b>1,248,967</b>	<b>5,978,393</b>	<b>2,041,759</b>	<b>1,502,608</b>	<b>4,398,480</b>	<b>3,921,776</b>	<b>1,901,111</b>	<b>20,993,094</b>
<b>Change in net assets without donor restrictions</b>	<b>25,265,387</b>	<b>1,149,030</b>	<b>625,178</b>	<b>167,436</b>	<b>1,307,730</b>	<b>2,434,296</b>	<b>2,424,074</b>	<b>33,373,131</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>								
Contributions & grants	3,850,392	8,161,365	3,266,485	1,107,380	8,817,934	3,907,616		29,111,172
Investment income	1,961,970	19,582,349	6,652,370	2,448,793	15,745,042	24,839,347		71,229,871
Other income	84,474	361,419	186,500	55,414	16,306	28,138		732,251
Assets released from restrictions	(1,234,966)	(5,621,662)	(1,946,476)	(1,416,450)	(4,234,975)	(3,683,529)		(18,138,058)
<b>Change in net assets with donor restrictions</b>	<b>4,661,870</b>	<b>22,483,471</b>	<b>8,158,879</b>	<b>2,195,137</b>	<b>20,344,307</b>	<b>25,091,572</b>		<b>82,935,236</b>
<b>Total change in net assets</b>	<b>29,927,257</b>	<b>23,632,501</b>	<b>8,784,057</b>	<b>2,362,573</b>	<b>21,652,037</b>	<b>27,525,868</b>	<b>2,424,074</b>	<b>116,308,367</b>
<b>Net assets - beginning of year</b>	<b>10,820,765</b>	<b>85,674,684</b>	<b>29,920,431</b>	<b>13,175,632</b>	<b>73,042,372</b>	<b>79,402,502</b>	<b>9,279,866</b>	<b>301,316,252</b>
<b>Net assets - end of year</b>	<b>\$ 40,748,022</b>	<b>\$ 109,307,185</b>	<b>\$ 38,704,488</b>	<b>\$ 15,538,205</b>	<b>\$ 94,694,409</b>	<b>\$ 106,928,370</b>	<b>\$ 11,703,940</b>	<b>\$ 417,624,619</b>

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Audit Committee Meeting - Open Session Agenda

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
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>									
<b>Revenues</b>									
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 (loss)	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
<b>Total revenues</b>	<b>1,280,166</b>	<b>6,727,396</b>	<b>2,448,546</b>	<b>1,307,750</b>	<b>4,104,080</b>	<b>4,909,707</b>	<b>2,290,188</b>		<b>23,067,833</b>
<b>Expenses</b>									
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
<b>Total expenses</b>	<b>1,274,832</b>	<b>6,629,310</b>	<b>2,404,114</b>	<b>1,192,715</b>	<b>4,060,063</b>	<b>5,669,120</b>	<b>1,855,626</b>		<b>23,085,780</b>
<b>Change in net assets without donor restrictions</b>	<b>5,334</b>	<b>98,086</b>	<b>44,432</b>	<b>115,035</b>	<b>44,017</b>	<b>(759,413)</b>	<b>434,562</b>		<b>(17,947)</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>									
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)
<b>Change in net assets with donor restrictions</b>	<b>287,103</b>	<b>468,523</b>	<b>(207,443)</b>	<b>311,014</b>	<b>2,408,784</b>	<b>(1,178,052)</b>			<b>2,089,929</b>
<b>Total change in net assets</b>	<b>292,437</b>	<b>566,609</b>	<b>(163,011)</b>	<b>426,049</b>	<b>2,452,801</b>	<b>(1,937,465)</b>	<b>434,562</b>		<b>2,071,982</b>
<b>Net assets - beginning of year</b>	<b>10,528,328</b>	<b>85,108,075</b>	<b>30,083,442</b>	<b>12,749,583</b>	<b>70,589,571</b>	<b>81,339,967</b>	<b>8,845,304</b>	<b>\$ 18,209,502</b>	<b>317,453,772</b>
<b>Change in reporting entity</b>								<b>(18,209,502)</b>	<b>(18,209,502)</b>
<b>Net assets - end of year</b>	<b>\$ 10,820,765</b>	<b>\$ 85,674,684</b>	<b>\$ 29,920,431</b>	<b>\$ 13,175,632</b>	<b>\$ 73,042,372</b>	<b>\$ 79,402,502</b>	<b>\$ 9,279,866</b>		<b>\$ 301,316,252</b>

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## **UNIVERSITY SYSTEM OF MARYLAND**

### **NOTES TO SUPPLEMENTARY INFORMATION YEARS ENDED JUNE 30, 2021 AND 2020**

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#### **ACCOUNTING AND REPORTING PRACTICES**

##### **Supplementary data reporting units**

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

##### **Facilities maintenance expenses**

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

##### **System-wide financing arrangements**

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

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

##### **Component Unit information included in Supplementary Information Institutional Financial Statements**

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

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

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

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**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 years ended June 30, 2021 and 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 8, 2021. 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) as a basis for designing 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.



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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 financial statements. 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 8, 2021



**BOARD OF REGENTS**

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

---

**TOPIC:** Update from ERM and Crisis Management Workgroup

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** December 13, 2021

The ERM and Crisis Management Workgroup has not met since the Audit Committee's last meeting in October. There is no update expected from the Workgroup.

**FISCAL IMPACT:** none

**CHANCELLOR'S RECOMMENDATION:** none

COMMITTEE ACTION: None

DATE:

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BOARD ACTION: None

DATE:

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SUBMITTED BY: David Mosca

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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 13, 2021

1. Since the Committee’s October 2021 meeting, the Office of Legislative Audits (OLA) published its audit report on the University of Baltimore (summarized in Attachment A).
2. In November 2021, the Maryland Daily Record issued an article titled “*Maryland legislators take aim at growing number of repeat offenders in audits*” (Attachment B). The article notes that in 2021, almost 30% of audits [statewide] have uncorrected issues identified in previous reports. Though USM has had only one OLA report issued in 2021, approximately 70% of USM agencies have had repeat findings in their most recent OLA reports (Attachment C). Dating back to 2014, USM agencies reduced the total number of repeats by approximately 70%. See a summary of systemwide repeat findings in Attachment D.

USM has established the following activities ensure repeat findings are minimized:

- Each university/agency audited is required to submit a report to the Chancellor its status in resolving OLA’s reported findings approximately 90 days after the report date.
- USM’s Office of Internal Audit completes a follow up audit beginning approximately 45 days after the university/agency submits its update to the Chancellor. These follow up audits assess the status of implantation of the findings.
- University Presidents have annual objectives in their performance evaluation to minimize repeat OLA report findings.

3. OLA Engagements Currently Active:

- University of Maryland College Park;
- University of Maryland Eastern Shore; and
- University of Maryland Baltimore.

**FISCAL IMPACT:** none

**CHANCELLOR’S RECOMMENDATION:** none

COMMITTEE ACTION: None

DATE:

BOARD ACTION: None

DATE:

SUBMITTED BY: David Mosca

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## Attachment A

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On December 3, 2021, the Office of Legislative Audits (OLA) issued its final report on its audit of the University of Baltimore (UBalt), which includes UBalt's responses to OLA's findings. OLA notes seven findings overall, two of which are related Information Systems Security. None of the findings are classified as repeats. UBalt's response generally concurred with most of OLA's findings and conveyed actions taken or planned to address the issues. UBalt disagreed with a portion of finding #6 discussed below:

**Finding 6:** Possible Ethics Violation – UBalt obtained travel-related services totaling \$59K over three years from a company operated by a UBalt employee. This employee was a senior manager in the department that utilized these services. When this became known to management in Admin and Finance in 2019, the relationship with the vendor was discontinued and UBalt sought advice from the OAG's Educational Affairs Division. OLA states that this condition should have been reported to the Governor's Office and the OAG's Criminal Division. [UBalt Disagrees with this last statement and acted on guidance provided by OAG's Higher Education Division.]

**[UPDATE since the Audit Committee's October Meeting: The faculty member noted in OLA's report has contacted the State Ethics Commission and was advised to provide additional information to the Commission. While this in process, it is expected that the Commission will rule on the matter in early 2022. UBalt's senior management has confirmed these events. Additionally, UBalt is examining the expenditures associated with the travel-related services. They expect to have completed this by January 2022.]**

The other findings are summarized as follows:

**Finding 1:** Student Personal Information – OLA reports that UBalt did not obtain a SOC 2 Type 2 report from a vendor responsible for collecting student online payments. UBalt has since obtained this report.

**Finding 2:** Student Financial Aid – OLA notes the UBalt does not independently verify student financial aid application data and adjustments to student cost of attendance budgets. As a result, errors or irregularities may go undetected.

**Finding #3:** Student Accounts Receivable – OLA reports several past due student accounts of which \$332K have been outstanding for more than a year and the students were allowed to register for multiple semesters with unpaid balances. OLA also notes that these accounts were not sent to the State's Central Collection Unit as required. In discussing these with UBalt management, they were aware of these accounts which were largely due from third parties that were reliable but slow to pay. The decision was made to allow continued enrollment with these balances.

**Finding 4:** Information Security and Control – OLA recommends that UBalt establish periodic review procedures to ensure that individuals' access to perform certain critical functions in its financial management system (PeopleSoft) is appropriate.

## Attachment A

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**Finding #5:** Multi-factor Authentication – OLA recommends that UBalt IT employ multi-factor authentication mechanisms for remote user access connections into the UBalt network.

**Finding 7:** Payroll – OLA recommends that UBalt establish supervisory reviews of adjustments to leave balances. This will help ensure that errors and irregularities won't go undetected.

## Maryland legislators take aim at growing number of repeat offenders in audits

By: Bryan P. Sears Daily Record Government Reporter November 9, 2021



Sen Clarence Lam, D-Baltimore and Howard counties, is one of the lawmakers who questions the growing number of repeat violators in state audits. (The Daily Record/File Photo)

Lawmakers, irritated with a growing number of unsatisfactory audits of state agencies, said legislation may be needed to force compliance.

Members of the Joint Audit and Evaluation Committee made the threat as they pressed Budget Secretary David Brinkley and others Tuesday for answers.

"We're not just here to listen to audits and move on to the next audit," said Del Carol Krimm, D-Frederick and co-chair of the Joint Audit and Evaluation Committee.

Krimm and Sen. Clarence Lam, D-Baltimore and Howard and co-chair of the committee, expressed concerns about the growing number of repeat findings by the Office of Legislative Audits.

In the last year there have been roughly 150 repeat findings across agencies reviewed by auditors, according to Lam.

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11/10/21, 10:39 AM

MD legislators take aim at repeat offenders in audits | Maryland Daily Record

At the time the law was passed, about 45% of audits had repeat findings still waiting for corrections. Within seven years, that number dropped to 21%.

Brinkley said older technology and not a lack of staffing are responsible for delayed corrections of audit findings.

"When we have these legacy systems, the numbers do tick back up," he said.

Lam said a review by state auditors found that almost 30% of audits on the current year have uncorrected issues identified in previous reports.

Joan Peacock, who leads the three-person team within the budget department, said staffing issues as well as employee turnover and aging systems contribute to delays in fixing problems.

But Peacock acknowledged her agency does not track what prevents an agency from taking a specific corrective action.

Additionally, the role of Peacock's team is limited.

"Ultimately, however, it is up to each agency to implement corrective actions and to continue to enforce those actions to ensure they do not have any repeat findings," said Peacock. "There's no amount of monitoring that can be effective if agency management does not take action. If an agency does not accept our suggestions, our recommendations, or if they change procedures they put in place after they've been implemented, those could result in seeing repeat findings occur."

Both Krimm and Lam focused on concerns about a lack of staffing, both in state agencies as well as Peacock's group. Legislation creating the agency called for 10 people.

Peacock said her group, which Brinkley called "a little powerhouse," has a fourth open position but has never had 10 employees.

"That may be something we need to look at," said Lam, who also questioned Brinkley on whether departments are told not to hire staff.

"We also hear that sometimes agencies and departments are given instructions not to fill certain positions and keep a certain number of positions open," said Lam.

Brinkley told the committee that other than during hiring freezes, such as the one imposed by Gov. Larry Hogan last summer as the pandemic threatened agency budgets, there is no such mandate. But the budget secretary said many agencies can repurpose open positions rather than request new ones.

"We haven't let warm bodies go," said Brinkley.

Hiring additional employees isn't the only answer, Brinkley added.

"A lot of people can get a lot of work done with technology now," he said. "We have technology now where we can share information and communicate and get things done now that we didn't have in 2006."

Improvements are still needed in some departments that are dealing with older systems that haven't been upgraded for decades, the budget secretary said.

"Everything is shifting, and it is shifting quite quickly," said Brinkley. "Our issue is can our personnel keep up with some of those types of changes. I'm not trying to criticize anything but ... positions might not be the solution ... competency certainly can be the answer."

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MD legislators take aim at repeat offenders in audits | Maryland Daily Record

Tagged with: [CAROL KRIMM](#) [CLARENCE LAM](#) [GENERAL ASSEMBLY](#) [HOGAN ADMINISTRATION](#) [STATE AUDITS](#)



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Attachment C

USM  
 Summary of Audit Findings per  
 Office of Legislative Audits  
 As of December 6, 2021

	OLA Report Issued:														Total
	May-21	Sep-19	Aug-20	Oct-19	Aug-20	Dec-21	Jul-19	Jan-20	Jun-19	Oct-18	Dec-14	Jan-19	Nov-19	Sep-19	
	BSU	CSU	FSU	SU	TU	UB	UMB	UMBC	UMCES	UMCP	UMCP IT	UMES	UMGC	USMO	
<b>Change in Total OLA Report Findings *</b>	2	-1	1	1	-6	0	-6	-3	0	0	0	-4	1	0	-15
<b>Change in Total REPEAT Findings *</b>	2	0	1	0	-1	-1	1	0	1	1	-1	1	1	1	6
<b>Total Current OLA Report Findings</b>	7	6	5	5	3	7	2	4	1	7	4	9	4	3	67
<b>Total Repeat Findings (included in Total)</b>	2	2	1	0	0	0	1	0	1	1	1	2	1	1	13

Note 1 (\*) - Change represents difference from most recent year's audit report to its previous report.  
 UMCP IT report noted 2 repeat findings that have been combined into 1 finding in the December 2014 report.

Attachment D

**USM**  
**Summary of Audit Findings per**  
**Office of Legislative Audits**  
**As of October 9, 2015**

	OLA Report Issued:															Total
	May-14	Nov-13	Aug-13	May-15	Jun-13	Oct-14	Apr-13	May-12	May-15	May-15	Dec-14	Nov-14	Jun-15	May-15		
	BSU	CSU*	FSU	SU	TU	UB	UMB	UMBC	UMCES	UMCP	UMCP IT*	UMES	UMUC	USMO		
<b>Change in Total OLA Report Findings*</b>	-1	-2	-4	-2	-2	-2	-6	-1	0	2	0	2	-4	-4	-24	
<b>Change in Total REPEAT Findings*</b>	-1	-2	0	0	-4	-4	-6	-1	0	-2	-1	-3	0	-3	-27	
<b>Total Current OLA Report Findings</b>	6	12	4	4	6	4	7	8	1	7	4	13	3	3	82	
<b>Total Repeat Findings (included in Total)</b>	2	5	1	0	0	0	2	1	0	0	1	1	0	0	13	

Note 1 (\*) - Change represents difference from most recent year's audit report to its previous report.  
 CSU Report noted 2 repeat findings that have been combined into 1 finding in the November 2013 report.  
 UMCP IT Report noted 2 repeat findings that have been combined into 1 finding in the December 2014 report.

**USM**  
**Summary of Audit Findings per**  
**Office of Legislative Audits**  
**December 6, 2021**

		OLA Report Issued:															
		May-21	Sep-19	Aug-20	Oct-19	Aug-20	Dec-21	Jul-19	Jan-20	Jun-19	Oct-18	Dec-14	Jan-19	Nov-19	Sep-19		
Section	Fiscal Compliance	BSU	CSU	FSU	SU	TU	UB	UMB	UMBC	UMCES	UMCP	UMCP IT	UMES	UMGC	USMO	Total	Section
1	Cash			1				1								2	1
2	Student Accounts Receivable					1	1	1			2		1.5			7	2
3	Student Refund Validity Not Confirmed and Issuance Not Verified	0.5														0.5	3
4	Grants Accounts Receivable									1						1	4
5	Grants and Institutes														1	1	5
6	Purchases and Disbursements	0.5	1		1			1								3.5	6
7	Payroll										1					3	7
8	Procurement/Contract Monitoring	0.5		2			1		1				1.5			4	8
9	Conflict of Interest						1									1.0	9
10	Employee Compensation		1											1		2	10
11	Financial Account Reconciliations															1	11
12	Financial Aid Adjustments	0.5	1				0.5	1			0.5					3.5	12
13	Financial Aid Awards Without Independent Review	0.5			1	1										3	13
14	Financial Aid Awards Lacked Written Eligibility Criteria		1													1	14
15	Financial Aid Application Data Verification Without Independent Review						0.5				0.5					1.0	15
16	Food Services Contract										1		0.5			1.5	16
17	Foundation(s)				1								1			2	17
18	Interagency Agreements														1	1	18
19	Student Residency Verification		1								1		0.5	1		4	19
20	Verification of Vendor Safeguarding Student Sensitive Personal Information (SOC 2 Report)	0.5			1	1	1									3.5	20

IT Areas:	BSU	CSU	FSU	SU	TU	UB	UMB	UMBC	UMCES	UMCP	UMCP IT	UMES	UMGC	USMO	Total	
21	Information Technology:														-	21
21	Application System Security										1		1		2	21
21	Database Security			1	1							1			3	21
21	Logical Access Security	2		1*		2						1*			4	21
21	Network Security	1						1			3*	1	1*	1*	3	21
21	Personally Identifiable Information	1*	1							1					2	21

<b>Total number of findings per OLA Audit report</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>7</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>67</b>	
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Note: Fractions represent instances where an audit finding fits in more than one category.  
 \* Contains a repeat finding

<b>IT</b>	<b>Non-IT</b>	<b>Total</b>
14	45	59.00


**BOARD OF REGENTS**

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

**TOPIC:** USM Internal Audit Quality Assessment Report with Independent Validation

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** December 13, 2021

**SUMMARY:**

During Summer 2021, USM's Office of Internal Audit (OIA) undertook a Quality Assessment Review to assess the Office's conformance with the Standards established by the *Institute of Internal Audit's International Standard for the Professional Practice of Internal Auditing (IIA Standards)*. This assessment was validated by a team of leaders from:

- Honkamp Krueger & Co. P.C.
- University of Wisconsin System
- Oklahoma State University
- The University of Mississippi
- Augusta University

The results of the assessment found that USM's Office of Internal Audit *Generally Conforms* to the *IIA Standards*. *Generally Conforms* is the top rating achievable. See attached report (Attachment A).

The assessment team also provided comments and recommendations for OIA to improve upon. The following are those comments and recommendations along with the Director of Internal Audit's responses to the recommendations.

1. **Standard 1000.C1** – The nature of consulting services must be defined in the internal audit charter.

**Recommendation:** USM's Director of Internal Audit should ensure that Internal Audit's charter is updated to define the nature of consulting engagements performed by Internal Audit, as required by *IIA Standards*.

**OIA Response and Action Plan:** Internal audit agrees. The internal audit charter will be revised and presented to the Audit Committee at its March 2022 meeting.

2. **Standard 1010** -- The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing must be recognized in the internal audit charter.

**Recommendation:** USM's Director of Internal Audit should ensure that Internal Audit's Charter is updated to name the four mandatory guidance sources: Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing.

**OIA Response and Action Plan:** Internal Audit agrees. The Internal Audit charter will be revised and presented to the Audit Committee at its March 2022 meeting.

3. **Standard 2240.A1** – Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

**Recommendation:** USM’s Director of Internal Audit should ensure that work programs document manager approval in Internal Audit’s electronic audit workpapers before audit fieldwork begins.

**OIA Response and Action Plan:** Internal Audit agrees. Engagement work programs are reviewed and approved by the audit manager before audit fieldwork begins, but manager signoff is not always electronically approved in Auto Audit until a later date. Internal Audit will work toward having work programs receive electronic supervisor signoff in Auto Audit before fieldwork begins.

Attachment

**FISCAL IMPACT:** none

**CHANCELLOR’S RECOMMENDATION:** none

COMMITTEE ACTION: none

DATE:

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BOARD ACTION:

DATE:

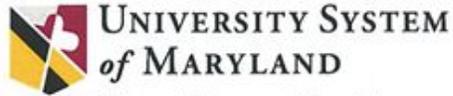
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SUBMITTED BY: David Mosca

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**Office of Internal Audit  
Quality Assessment Review  
Self-Assessment with External Independent Validation  
September 10, 2021**



**UNIVERSITY SYSTEM  
of MARYLAND**  
**Office of Internal Audit**  
**Quality Assessment Review (QAR)**  
**Self-Assessment with External Independent Validation**  
**September 2021**

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Attachment B – Independent Validation Statement	11 & 12



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**Office of Internal Audit**  
**Quality Assessment Review (QAR)**  
**Self-Assessment with External Independent Validation**  
**September 2021**

### **EXECUTIVE SUMMARY**

The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing* requires that an external quality assessment (QA) of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessor or assessment team must demonstrate competence in both the professional practice of internal auditing and the QA process. The QA can be accomplished through a full external assessment or a self-assessment with independent validation.

USM's Director of Internal Audit (CAE) and Internal Audit Management conducted a self-assessment of its internal audit activity and engaged a qualified, independent external assessment team to conduct a validation of the self-assessment of USM's Office of Internal Audit.

USM is a public system of higher education serving approximately 170,000 undergraduate and graduate students. USM is comprised of 12 institutions, three regional higher education centers, a System headquarters office, and various support offices. USM provides a range of high quality, accessible, and affordable educational opportunities; engages in significant research and creative scholarship; and provides programs and services that respond to Maryland's and the nation's needs.

The USM Office of Internal Audit currently consists of 15 professionals, including the Director of Internal Audit who reports administratively to the Chancellor and functionally to the Chairman of the Audit Committee of the USM Board of Regents.



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**OPINION AS TO CONFORMANCE WITH  
THE STANDARDS AND THE CODE OF ETHICS**

**It is our overall opinion that the USM Office of Internal Audit activity generally conforms with the *Standards* and the Code of Ethics.** A detailed list of conformance with individual standards and the Code of Ethics is shown in Attachment A.

The IIA's *Quality Assessment Manual for the Internal Audit Activity* suggests a scale of three rankings when opining on the internal audit activity: "Generally Conforms," "Partially Conforms," and "Does Not Conform." The ranking of "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards* and the Code of Ethics. "Partially Conforms" means that deficiencies in practice are noted that are judged to deviate from the *Standards* and the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means that deficiencies in practice are judged to deviate from the *Standards* and the Code of Ethics and are significant enough to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities. A detailed description of conformance criteria can be found in Attachment A.

**OBJECTIVES, SCOPE, AND METHODOLOGY**

**Objectives**

- The principal objective of the QA was to assess Internal Audit's conformance with the *Standards* and the Code of Ethics.
- Internal Audit also evaluated its effectiveness in carrying out its mission (as set forth in the internal audit charter and expressed in the expectations of the independent external assessment team) and identified opportunities for continuous improvement to enhance the efficiency and effectiveness of the infrastructure, processes, and the value to their stakeholders.
- External independent assessors validated the results of Internal Audit's self-assessment. The main focus was to validate the conclusion of Internal Audit related to conformance with the *Standards* and the Code of Ethics. They also reviewed Internal Audit observations related to successful internal audit practices and opportunities for continuous improvement. They offered additional observations as they deemed appropriate.



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### **Scope**

- The scope of the QA included Internal Audit, as set forth in the internal audit charter and approved by the board, which defines the purpose, authority, and responsibility of Internal Audit.
- The QA was concluded on September 10, 2021 and provides senior management and the board with information about Internal Audit as of that date.
- The *Standards* and the Code of Ethics in place and effective as of September 10, 2021, were the basis for the QA.

### **Methodology**

- Internal audit compiled and prepared information consistent with the methodology established in the *Quality Assessment Manual for the Internal Audit Activity*. This information included completed and detailed planning guides, together with all supporting documentation; an evaluation summary, documenting all conclusions and observations; and the self-assessment report by Internal Audit.
- Internal audit identified key stakeholders (internal audit staff, senior management, and the Audit Committee) and sent surveys to representative individuals. The results were tabulated by the external assessor team, and they are to maintain confidentiality in responses. While maintaining this confidentiality, summarized survey results were shared with Chief Audit Executive during their self-assessment process.
- Prior to commencement of the tele-conference validation portion of the Internal Audit self-assessment, the external assessor team held a preliminary meeting with Internal Audit to discuss the status of preparation of the self-assessment, identification of key stakeholders to be interviewed during the on-site validation, and finalization of logistics related to the QA.
- To accomplish the objectives, the external assessor team reviewed information prepared by internal audit and the conclusions reached in the QA report. The external assessor team also conducted interviews with selected key stakeholders, including:
  - An Audit Committee Member
  - The Chair of the Board of Regents
  - The USM Chancellor and Vice Chancellor of Administration and Finance
  - Selected USM Institution Presidents and Vice Presidents of Administration & Finance
  - USM Chief Audit Executive (Audit Director)

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- The external assessor team reviewed survey data received from:
  - USM Executives
  - University Presidents
  - University Administration & Finance Executives
  - University CIOs
  - USM audit staff

These surveys requested opinions on the effectiveness and organizational value of the USM Internal Audit Department. Survey results were emailed to the Independent External Evaluation Team, with summary survey results forwarded to the Internal Audit self-assessment team.

- The external assessor team prepared diagnostic tools consistent with the methodology established for a QA in the *Quality Assessment Manual for the Internal Audit Activity*.
- The external assessor team reviewed a sample of audit projects and associated workpapers and reports.
- The validators prepared an “Independent Validation Statement” to document conclusions related to the validation of Internal Audit’s self-assessment. This statement is included as Attachment B to this report.

### SUMMARY OF OBSERVATIONS

Internal Audit believes that the environment in which we operate is well structured and progressive, where the *Standards* are understood, the Code of Ethics is being applied, and management endeavors to provide useful audit tools and implement appropriate practices. Consequently, our comments and recommendations are intended to build on this foundation.

**Opportunities for Continuous Improvement** – Observations of opportunities to enhance the efficiency or effectiveness of Internal Audit’s infrastructure of processes. These items do not indicate a lack of conformance with the *Standards* or the Code of Ethics, but rather offer suggestions on how to better align with criteria defined in the *Standards* or Code of Ethics. They may also be operational ideas based on the experiences obtained while working with other internal audit activities. A management response and an action plan to address each opportunity noted are normally included. Opportunities for continuous improvement identified are summarized and detailed in the following section(s) of this report:

1. **Standard 1000.C1** – The nature of consulting services must be defined in the internal audit charter.

**Recommendation:** USM’s Director of internal Audit should ensure that Internal Audit’s

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charter is updated to define the nature of consulting engagements performed by Internal Audit, as required by IIA *Standards*.

**OIA Response and Action Plan:** Internal audit agrees. The internal audit charter will be revised and presented to the Audit Committee at its March 2022 meeting.

2. **Standard 1010** -- The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing must be recognized in the internal audit charter.

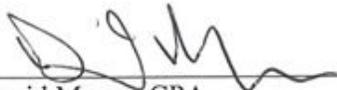
**Recommendation:** USM's Director of Internal Audit should ensure that Internal Audit's Charter is updated with to specifically name the mandatory nature of the four mandatory guidance sources: Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing.

**OIA Response and Action Plan:** Internal Audit agrees. The Internal Audit charter will be revised and presented to the Audit Committee at its March 2022 meeting.

3. **Standard 2240.A1** – Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

**Recommendation:** USM's Director of Internal Audit should ensure that work programs document manager approval in Internal Audit's electronic audit workpapers before audit fieldwork begins.

**OIA Response and Action Plan:** Internal Audit agrees. Engagement work programs are reviewed and approved by the audit manager before audit fieldwork begins, but manager signoff is not always electronically approved in Auto Audit until a later date. Internal Audit will work toward having work programs receive electronic supervisor signoff in Auto Audit before fieldwork begins.

  
\_\_\_\_\_  
David Mosca, CPA  
Director, Internal Audit

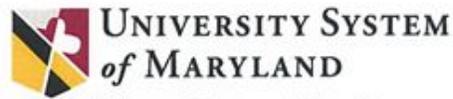
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Date


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**ATTACHMENT A –  
EVALUATION SUMMARY AND RATING DEFINITIONS**

	GC	PC	DNC
<b>Overall Evaluation</b>	✓		

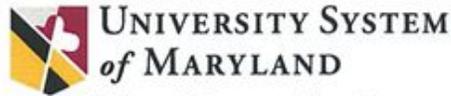
<b>Attribute Standards (1000 through 1300)</b>		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	✓		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	✓		
1100	Independence and Objectivity	✓		
1110	Organizational Independence	✓		
1111	Direct Interaction with the Board	✓		
1112	Chief Audit Executive Roles Beyond Internal Auditing	✓		
1120	Individual Objectivity	✓		
1130	Impairment to Independence or Objectivity	✓		
1200	Proficiency and Due Professional Care	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		



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Attribute Standards (1000 through 1300)		GC	PC	DNC
1300	Quality Assurance and Improvement Program	✓		
1310	Requirements of the Quality Assurance and Improvement Program	✓		
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the Quality Assurance and Improvement Program	✓		
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	✓		
1322	Disclosure of Nonconformance	✓		

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination and Reliance	✓		
2060	Reporting to Senior Management and the Board	✓		



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Performance Standards (2000 through 2600)		GC	PC	DNC
2070	External Service Provider and Organizational Responsibility for Internal Auditing	✓		
2100	Nature of Work	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		
2200	Engagement Planning	✓		
2201	Planning Considerations	✓		
2210	Engagement Objectives	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Work Program	✓		
2300	Performing the Engagement	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
2330	Documenting Information	✓		
2340	Engagement Supervision	✓		



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Performance Standards (2000 through 2600)		GC	PC	DNC
2400	Communicating Results	✓		
2410	Criteria for Communicating	✓		
2420	Quality of Communications	✓		
2421	Errors and Omissions	✓		
2430	Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	✓		
2431	Engagement Disclosure of Nonconformance	✓		
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Communicating the Acceptance of Risks	✓		

Code of Ethics		GC	PC	DNC
	Code of Ethics	✓		



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### **RATING DEFINITIONS**

**GC – “Generally Conforms”** means that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

**PC – “Partially Conforms”** means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, or a section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

**DNC – “Does Not Conform”** means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve, many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

ATTACHMENT B

INDEPENDENT VALIDATION STATEMENT

November 19, 2021

Mr. David Mosca  
Director of Internal Audit  
University Systems of Maryland  
10630 Little Patuxent Parkway, Suite 450  
Columbia, Maryland 21044

Dear Dave:

The Validation Team was engaged to conduct an independent validation of the University Systems of Maryland (USM) Internal Audit department's internally prepared self-assessment. The primary objective of the validation was to verify the assertions made in the self-assessment report concerning conformity to the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)* and communicate observations regarding successful internal audit practices and opportunities for continuous improvement. Other matters that might have been covered in a full external independent assessment, such as an in-depth analysis of successful practices, governance, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with Internal Audit.

In acting as an independent validator, the Validation Team is fully independent of USM and has the necessary knowledge and skills to undertake this engagement. The validation was conducted remotely during the period August 12, 2021, through October 29, 2021. The validation consisted of reviewing and testing of the procedures and results of the internally prepared self-assessment. In addition, the team reviewed internal audit client and audit staff survey results and conducted interviews with thirteen USM executives, including the Chancellor, the Chair of the Board of Regents, and the Board of Regents Audit Committee Chair. The team validated the work of the internal audit self-assessment by reviewing the planned approach and overall documentation, reperforming a sample of work programs, and reviewing reported conclusions. In addition, the team shared with you the positive practices, comments, and opportunities for enhancing the Internal Audit department.

The Validation Team concurs with the conclusions of the self-assessment report in which USM Internal Audit rated itself as "Generally Conforms" to the Attribute and Performance *Standards* as well as the IIA Code of Ethics. Accordingly, the Validation Team concurs that USM Internal Audit overall "Generally Conforms" to the *International Standards for the Professional Practice of Internal Auditing*. In addition, the Validation Team agrees that implementing the opportunities for improvement contained in the self-assessment report will improve the effectiveness and enhance the value of internal audit activity and help ensure its conformity with the *Standards*.

This independent validation statement is intended solely for the information and use of USM's Internal Audit department, board of regents, and management and is not intended to be, and should not be used, by anyone other than these specified parties.

Sincerely,

**Validation Team Members**

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DocuSigned by:  
Signature & Date: Brian Kruk November 19, 2021  
Brian E. Kruk, CIA, CCSA, CGAP, CCA  
Senior Director Quality Assessment Services  
Honkamp Krueger & Co. P.C.

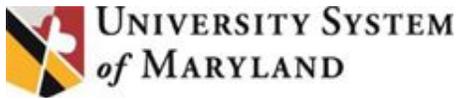
DocuSigned by:  
Signature & Date: Lisa Van Dong November 22, 2021  
Lisa Van Dong, CPA  
Director - Office of Internal Audit  
University of Wisconsin System

DocuSigned by:  
Signature & Date: Michelle Finley November 22, 2021  
Michelle Finley, CIA, CFE  
Chief Audit Executive - Office of Internal Audit  
Oklahoma State University

DocuSigned by:  
Signature & Date: Amanda Nehmer November 22, 2021  
Amanda J. Nehmer, CPA, CISA  
Director - Office of Internal Audit  
University of Wisconsin System

DocuSigned by:  
Signature & Date: Tanya Satterfield November 22, 2021  
Tanya Satterfield, CPA, CIA, CFE  
Director - Office of Internal Audit  
The University of Mississippi

DocuSigned by:  
Signature & Date: Clay Sprouse November 22, 2021  
Clay Sprouse, CPA, CIA, CISA  
Chief Audit Officer  
Augusta University



**BOARD OF REGENTS**

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

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

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** December 13, 2021

**SUMMARY:**

See Attachment: Listing of Open Action Items From 2019 – 2021 Audit Committee Meetings.

**FISCAL IMPACT:** none

**CHANCELLOR'S RECOMMENDATION:** none

COMMITTEE ACTION: none

DATE:

BOARD ACTION: none

DATE:

SUBMITTED BY: David Mosca

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USM Board of Regents  
 Action Items From 2019 - 2021 Audit Committee Meetings  
 13-Dec-21

Action Item

Status

**From October 2021 Audit Committee Meeting**

1.	Obtain review of Fundraising Foundation Policy by the OAG.	Ongoing.
2.	ER and Crisis Management Work Group should ask presidents for top 5 risks in terms of likelihood and impact. Consider putting these in heat map for reporting.	For ER and Crisis Management Work Group's next meeting.
3.	Consider dash board for quartely reporting of risks to the BOR.	For ER and Crisis Management Work Group's next meeting.

**From June 2021 Audit Committee Meeting**

1.	Obtain review of Fundraising Foundation Policy by the OAG.	Ongoing.
2.	Include language in the proposed Fundraising Foundation Policy to specifically allow the BOR to review information that is submitted by foundations within 120 days after the close of the System's fiscal year.	Included in policy revisions.

**From March 2021 Audit Committee Meeting**

1.	Submit and recommend modifications to the BOR Policy on Foundations for the Committee's consideration and recommendation to the full Board.	Included in the June 2021 Audit Committee Meeting. Ongoing
2.	Recommend that Foundation Boards, executive directors and Presidents annually affirm that they have read and understood the BOR's Foundation Policy	Included in modification to BOR Policy on Affiliated Foundations.
3.	Regarding the annual Foundation Compliance Reporting, indicate which entities are necessary for the completion of USM's annual financial audit.	Will include in FY 2022 reporting.

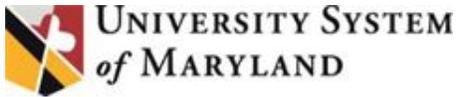
**From October 2020 Audit Committee Meeting**

1.	Develop NIST standards compliance scorecards.	In process.
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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 to present proposed policies at the March 2021 Audit Committee meeting. Ongoing.
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.

Note: Action items concluded prior to the December 2021 BOR Audit Committee meetings are not included in this schedule.



**BOARD OF REGENTS**

SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

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**TOPIC:** Convening Closed Session

**COMMITTEE:** Audit Committee

**DATE OF COMMITTEE MEETING:** December 13, 2021

**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.

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COMMITTEE ACTION: DATE: 10-25-2021

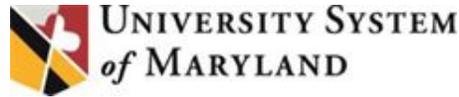
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BOARD ACTION: DATE:

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





STATEMENT REGARDING CLOSING A MEETING  
OF THE USM BOARD OF REGENTS

Date: December 13, 2021  
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) [ x ] To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) [ x ] 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) [ x ] 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):

- [ x ] 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 2021 and 2022 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 2021 and 2022 audit plans 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)).