

**UNIVERSITY SYSTEM OF MARYLAND**

Financial Statements and Supplemental Data

For the Years Ended June 30, 2004 and 2003, together with  
Reports of Independent Auditors

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## Report of Independent Auditors

Board of Regents  
University System of Maryland

We have audited the accompanying basic financial statements of the University System of Maryland (the System), a component unit of the State of Maryland, and its discretely presented component units, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component units included as discretely presented amounts in the System's financial statements. The financial statements of the component units were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our 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 System and of its discretely presented component units as of June 30, 2004 and 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States.

As described in the notes to the financial statements, the System has implemented Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, as of July 1, 2002.

Management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplemental data contained on pages 36 to 77 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audits and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ernst & Young LLP*

November 5, 2004

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2004 AND 2003

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As management of the University System of Maryland (System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2004 and 2003.

#### Financial Highlights

- Unrestricted net assets increased by \$122,020,679 for the year ended June 30, 2004, after an increase of \$12,297,297 for the year ended June 30, 2003.
- State appropriations legislated for the System decreased by more than 3% for the year ended June 30, 2004, to \$746,207,049. For the year ended June 30, 2003, State appropriations decreased by 11% from the amount received in the year ended June 30, 2002.
- Tuition and fees, after deducting Scholarship allowances, increased by \$71,400,082, or just over 11%, for the year ended June 30, 2004. During the year ended June 30, 2003, net Tuition and fees increased by more than 12% to \$634,120,774, a result of a 7% increase in enrollment, and a 12% tuition hike.

#### 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, and explanatory information and detail on certain financial statement elements. The three basic financial statements are the Balance Sheet, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The *Balance Sheet* presents information on the System's assets, liabilities and net assets, all as of the end of the reporting period, June 30, 2004 and June 30, 2003. Net assets represents the difference between assets and liabilities, and is detailed into classifications that help readers understand the constraints that the System must recognize in decisions on expending assets. Over time, changes in the level of net assets can help in understanding whether the financial condition of the System is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information on the changes in net assets during the year. All changes in net assets are reported as soon as the underlying event takes place, regardless of the timing of 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 at year-end).

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 amount reported at the

end of the preceding year, to the amounts reported in the Balance Sheet at the end of the year. Sources and uses are organized into operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

The System has adopted *Governmental Accounting Standards Board (GASB) Statement #39, Determining Whether Certain Organizations Are Component Units* starting with its fiscal year ended June 30, 2003. Accordingly, the System's financial statements include all accounts and balances of the System itself (considered the primary government in accounting terms), as well as 16 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 16 component units, 3 are considered major component units due to their significance in terms of size, while the rest are considered non-major component units.

The emphasis 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**

At June 30, 2004, the System's financial health remains strong, with assets exceeding liabilities by \$2,690,834,947, shown on the Balance Sheet as Total Net Assets. This compares with Total Net Assets of \$2,399,636,775 at June 30, 2003. As suggested earlier, when viewed over time, net assets may be a useful indicator of financial health.

For the year ended June 30, 2004, net assets increased by \$291,198,172. Net assets invested in capital assets, net of related debt, increased by \$156,429,440, while unrestricted net assets increased \$122,020,679, and temporarily restricted and permanently restricted net asset categories increased by \$12,748,053.

Unrestricted net assets represent the portion of assets, after taking into account liabilities, which can be used to meet ongoing obligations and fund new initiatives. Some portion of the \$122,020,679 increase in unrestricted net assets for the year ended June 30, 2004 is attributable to the effect of tuition rate increases, while the balance is attributable to institutional efforts to limit expenditures.

For the year ended June 30, 2003, net assets increased by \$212,578,047. Net assets invested in capital assets, net of related debt, increased by \$235,402,125, while unrestricted net assets increased \$12,297,297, and temporarily restricted and permanently restricted net asset categories declined by \$35,121,375.

Some portion of the \$12,297,297 increase in unrestricted net assets for the year ended June 30, 2003 is attributable to cost containment measures, combined with mid-year tuition increases, both in response to State reductions in State Appropriations. Another portion of the increase in unrestricted net assets is attributable to the portion of investment gains allocated to quasi-endowment funds, which are amounts invested at the discretion of the System. Investment gains on quasi-endowments amounted to \$1,247,604 for the fiscal year ended June 30, 2003.

The table below presents summary-level information of the System's assets, liabilities, and net assets at June 30, 2004, 2003 and 2002.

**University System of Maryland  
Condensed Balance Sheet  
June 30, 2004, 2003 and 2002**

	2004	2003	2002
Current and other assets	\$1,169,457,340	\$958,261,692	\$979,498,491
Capital assets, net	2,906,082,856	2,687,384,752	2,387,575,459
Total assets	<u>\$4,075,540,196</u>	<u>\$3,645,646,444</u>	<u>\$3,367,073,950</u>
Debt and obligations under capital lease agreements	\$998,072,894	\$855,142,186	\$796,665,213
Other liabilities	386,632,355	390,867,483	383,350,009
Total liabilities	<u>1,384,705,249</u>	<u>1,246,009,669</u>	<u>1,180,015,222</u>
Net assets:			
Invested in capital assets, net of related debt	1,988,672,006	1,832,242,566	1,596,840,441
Restricted	265,186,158	252,438,105	287,559,480
Unrestricted	436,976,783	314,956,104	302,658,807
Total net assets	<u>2,690,834,947</u>	<u>2,399,636,775</u>	<u>2,187,058,728</u>
Net assets and liabilities	<u>\$4,075,540,196</u>	<u>\$3,645,646,444</u>	<u>\$3,367,073,950</u>

The table below presents summary-level information on the changes in the System's net assets for the years ended June 30, 2004, 2003 and 2002.

**University System of Maryland  
Condensed Statement of Revenues, Expenses and Changes in Net Assets  
Years ended June 30, 2004, 2003 and 2002**

	2004	2003	2002
Operating revenues	\$2,032,432,074	\$1,933,031,744	\$1,792,254,675
Operating expenses	2,709,723,102	2,701,201,945	2,610,203,574
Operating loss	<u>(677,291,028)</u>	<u>(768,170,201)</u>	<u>(817,948,899)</u>
State appropriations	746,207,049	771,877,201	864,765,235
Other nonoperating revenues and expenses, net	28,115,035	23,873,102	(35,539,899)
Total nonoperating revenues and expenses	<u>774,322,084</u>	<u>795,750,303</u>	<u>829,225,336</u>
Income before other revenues, expenses, gains and losses	97,031,056	27,580,102	11,276,437
Other revenues, expenses, gains and losses	194,167,116	217,397,552	191,129,035
Increase in net assets	291,198,172	244,977,654	202,405,472
Net assets, beginning of year	2,399,636,775	2,187,058,728	3,296,703,746
Cumulative effect of changes in accounting principle			(1,312,050,490)
Correction of error		(32,399,607)	
Net assets, end of year	<u>\$2,690,834,947</u>	<u>\$2,399,636,775</u>	<u>\$2,187,058,728</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, 2004, 2003 and 2002, Operating Revenues, which under the definitions used by GASB excludes State Appropriations, were recognized in the proportions shown below:

	2004		2003		2002	
	\$	%	\$	%	\$	%
Tuition and fees	\$705,520,856	34.7%	\$634,120,774	32.8%	\$565,444,013	31.5%
Contracts and grants	825,688,567	40.6	820,017,889	42.4	792,275,851	44.2
Sales and services of educational departments	117,769,547	5.8	110,045,910	5.7	101,311,464	5.7
Auxiliary enterprises	348,961,049	17.2	322,256,423	16.7	303,383,149	16.9
Other operating	34,492,055	1.7	46,590,748	2.4	29,840,198	1.7
<b>Total</b>	<b>\$2,032,432,074</b>	<b>100.0%</b>	<b>\$1,933,031,744</b>	<b>100.0%</b>	<b>\$1,792,254,675</b>	<b>100.0%</b>

Tuition and fees reflect the increases in tuition rates and other student charges enacted for the years ended June 30, 2004 and 2003, as well as modest enrollment increases in both years. Fee increases for residence halls and dining facilities account for the increase in revenues from Auxiliary Enterprise activities.

Operating Expenses are detailed by Personnel costs, Other payments, and Depreciation Expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses. Personnel costs increased 5% for the year ended June 30, 2003 over the previous year, in large part due to a 12% increase in health care costs. The small increase in costs for the year ended June 30, 2004 reflects significant institutional efforts to contain costs, particularly in non-health care related personnel costs.

For the years ended June 30, 2004, 2003 and 2002, Operating Expenses were recognized in the proportions shown below:

	2004		2003		2002	
	\$	%	\$	%	\$	%
Instruction	\$803,837,622	29.7%	\$807,051,018	29.9%	\$773,426,932	29.6%
Research	561,607,859	20.7	556,109,081	20.6	551,329,004	21.1
Public service	141,205,563	5.2	157,652,331	5.8	140,560,147	5.4
Academic support	229,764,549	8.5	232,637,110	8.6	211,809,069	8.1
Student services	102,587,413	3.8	102,421,943	3.8	99,855,958	3.8
Institutional support	271,023,443	10.0	258,672,693	9.5	252,444,607	9.7
Operation and maintenance of plant	195,529,348	7.2	180,072,055	6.7	210,563,598	8.1
Scholarships and fellowships	44,144,996	1.6	47,721,086	1.8	41,515,115	1.6
Auxiliary enterprises	303,813,451	11.2	312,842,271	11.6	286,495,698	11.0
Hospital	56,208,858	2.1	46,022,357	1.7	42,203,446	1.6
<b>Total</b>	<b>\$2,709,723,102</b>	<b>100.0%</b>	<b>\$2,701,201,945</b>	<b>100.0%</b>	<b>\$2,610,203,574</b>	<b>100.0%</b>

## **Capital Asset and Debt Administration**

The System added \$374,010,787 in new capital assets during the year ended June 30, 2004. Of these additions, \$176,168,720 was funded through the use of State of Maryland debt proceeds or cash balances, \$105,626,496 was funded from the proceeds of System debt obligations, with the balance, \$92,215,571, purchased using System cash balances or received as donations.

During the year ended June 30, 2004, several significant projects were completed and placed in service. At the University of Maryland, Baltimore, a \$28 million parking garage and office building complex was completed that provides much needed inner-city parking as well as 3 floors of administrative office space. At the University of Maryland, College Park, a renovation and addition to the Health Center costing over \$14.5 million was substantially completed, as well as Phases 2 and 3 of work on the football team building, a project costing more than \$6 million. At the University of Maryland Eastern Shore, a new physical plant and central receiving facility costing almost \$9 million was placed in service, while at the University of Maryland Baltimore County, a \$32 million renovation of the Chemistry Building greatly enhances the institution's teaching and laboratory facilities. At the University of Maryland University College, a \$20 million addition to the hotel and conference center positions the facility to attract a greater portion of the regions conference activity.

The System added \$486,237,274 in new capital assets during the year ended June 30, 2003. Of these additions, \$206,898,819 was funded through the use of State of Maryland debt proceeds or cash balances, \$126,452,287 was funded from the proceeds of System debt obligations, with the balance, \$152,886,168, purchased using System cash balances or received as donations.

During the year ended June 30, 2003, several major projects were completed and placed in service. At the University of Maryland, Baltimore the \$79 million Health Sciences Research Facility II was completed, while at UMCP a \$30 million Chemistry / Teaching facility was placed in service. At Bowie State University, a \$12 million Science building is a significant addition to the campus. Towson University benefited from the completion of improvements and renovations to Minnegan Stadium that cost more than \$31 million, as well as the addition of a \$23 million parking garage. Frostburg State University has added the Compton Science Center, costing more than \$33 million, while a replacement for the Devilbiss Science Building at Salisbury University represents a significant investment of more than \$38 million on the state's Eastern Shore. At the University of Maryland, Baltimore County a major Information Technology and Engineering facility costing more than \$40 million was also completed during the fiscal year.

These facilities are but a small sample of the important investments in upgrading the System's academic and research facilities, as well as transforming campuses into learning communities.

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. During the year ended June 30, 2004, the System refinanced approximately \$155,000,000 of previously issued Revenue Bonds, as a part of the use of \$246,155,000 of 2003 Series A & B Revenue Bonds issued in July 2003, and \$64,165,000 of 2004 Series A & B Revenue Bonds issued in June 2004. In August 2003, the System also issued \$65,000,000 of Revolving Loan Program Bonds 2003 Series A, of which \$49,585,000 of the proceeds were used to refund previously issued equipment obligations in the same amount. During the year ended June 30,

2003, the System refinanced approximately \$41,000,000 of previously issued Revenue Bonds, as a part of the \$142,350,000 of 2002 Series A Revenue Bonds issued in July 2002.

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

The State of Maryland fiscal health has been strong throughout the recent downturn, but currently is stressed by several looming and large financial commitments, including a significant increase in funding of K-12 education, as well as continually increasing health care costs for state employees. This environment increases the possibility that the System will have to identify new and innovative sources of funding, or pursue a strategy of increasing tuition, to fund increases in expenditures to accommodate expected enrollment growth. Enrollment projections show continuing increases through the balance of the decade. The steady improvement in the research capabilities of several System institutions, and the development of the Washington-Baltimore region as a national focus of biotechnology position the System well for continued increases in research contracts and grants, particularly in the health sciences.

### **Requests for Information**

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

**UNIVERSITY SYSTEM OF MARYLAND  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	June 30,	
	2004	2003
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$583,359,185	\$523,345,058
Accounts receivable, net	206,372,880	160,404,763
Notes receivable, current portion	12,333,692	15,695,392
Inventories	10,319,093	9,889,567
Prepaid expenses	3,770,825	2,413,951
Deferred charges	113,705	15,752
<b>Total current assets</b>	<b>816,269,380</b>	<b>711,764,483</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	93,057,152	12,185,550
Endowment investments	188,050,805	167,561,104
Other investments	17,303,008	17,397,858
Notes receivable, net	54,776,995	49,352,697
Capital assets, net	2,906,082,856	2,687,384,752
<b>Total noncurrent assets</b>	<b>3,259,270,816</b>	<b>2,933,881,961</b>
<b>Total assets</b>	<b>\$4,075,540,196</b>	<b>\$3,645,646,444</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$178,056,825	\$202,828,086
Accrued workers compensation, current portion	4,001,170	3,553,840
Accrued vacation costs, current portion	43,172,081	41,899,298
Revenue bonds and notes payable, current portion	50,321,584	49,606,998
Obligations under capital lease agreements, current portion	174,476	163,288
Deferred revenue	62,805,518	47,472,788
<b>Total current liabilities</b>	<b>338,531,654</b>	<b>345,524,298</b>
<b>Noncurrent liabilities:</b>		
Accrued workers compensation	21,812,830	19,374,160
Accrued vacation costs	76,783,931	75,739,311
Revenue bonds and notes payable	942,698,255	800,318,846
Obligations under capital lease agreements	4,878,579	5,053,054
<b>Total noncurrent liabilities</b>	<b>1,046,173,595</b>	<b>900,485,371</b>
<b>Total liabilities</b>	<b>1,384,705,249</b>	<b>1,246,009,669</b>
<b>NET ASSETS</b>		
Unrestricted	436,976,783	314,956,104
Invested in capital assets, net of related debt	1,988,672,006	1,832,242,566
Restricted:		
Nonexpendable:		
Scholarships and fellowships	10,128,568	8,207,000
Research	3,642,483	4,110,408
Other	14,629,708	11,427,326
Expendable:		
Scholarships and fellowships	36,154,593	29,508,414
Research	99,119,372	94,781,042
Loans	64,579,720	71,213,392
Capital projects	5,433,198	4,933,405
Other	31,498,516	28,257,118
<b>Total net assets</b>	<b>2,690,834,947</b>	<b>2,399,636,775</b>
<b>Total liabilities and net assets</b>	<b>\$4,075,540,196</b>	<b>\$3,645,646,444</b>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING BALANCE SHEET, COMPONENT UNITS  
JUNE 30, 2004

	Major Component Units-----				Non-major Component Units-----												
	Total	The University of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State College Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park
<b>Assets</b>																	
<b>Current assets</b>																	
Cash & equivalents	\$21,119,433	\$356,000	\$12,101,857	\$38,336	\$555,696	\$379,997	\$1,439,036	\$586,031	\$821,903	\$251,077	\$437,340	\$2,842,477	\$318,074	\$345,393	\$396,593	\$73,385	\$176,238
Accounts receivable	61,013,888	22,232,000	13,237,276	8,406,306	623,087		278,761	493,377	1,769,906	569,492	160,198	7,789,409	398,622	41,917	4,975,550	37,987	
Investments	76,470,640				3,672,071	1,634,638	1,057,751	2,776,168	15,528,062	7,857,734		23,207,364	20,285,055		451,797		
Other assets	2,703,754	342,000	137,818		94,009	2,780	8,829	2,867		1,932,041	2,203			5,793	175,414		
Total current assets	161,307,715	22,930,000	25,476,951	8,444,642	4,944,863	2,017,415	2,784,377	3,858,443	18,119,871	10,610,344	599,741	33,839,250	21,001,751	393,103	5,999,354	111,372	176,238
<b>Investments</b>																	
Investments	442,367,417	236,486,000	120,523,894	68,498,505			91,544				6,489,898	3,143,722	5,663,998	1,469,856			
Total investments	442,367,417	236,486,000	120,523,894	68,498,505	-	-	91,544	-	-	-	6,489,898	3,143,722	5,663,998	1,469,856	-	-	-
<b>Other assets</b>																	
Accounts receivable	45,862,514	14,189,000	22,886,043	8,722,014									65,457				
Capital assets, net	17,320,220	6,370,000			20,566				1,819,419	633		1,348,915	4,648,457	125,086	3,621	1,885	2,981,638
Assets held for sale	2,148,000	2,122,000											26,000				
Other assets	3,037,743	282,000		2,612,071		19,239							124,433				
Total other assets	68,368,477	22,963,000	22,886,043	11,334,085	20,566	19,239	-	-	1,819,419	633	-	1,348,915	4,864,347	125,086	3,621	1,885	2,981,638
Total assets	\$672,043,609	\$282,379,000	\$168,886,888	\$88,277,232	\$4,965,429	\$2,036,654	\$2,875,921	\$3,858,443	\$19,939,290	\$10,610,977	\$7,089,639	\$38,331,887	\$31,530,096	\$1,988,045	\$6,002,975	\$113,257	\$3,157,876
<b>Liabilities &amp; net assets</b>																	
<b>Current liabilities</b>																	
Accounts payable & accrued expenses	\$12,875,940	\$4,462,000	\$500,361	\$859,673	\$2,134	\$55,700	\$112,564	\$11,048	\$149,804	\$10,254	\$67,186	\$354,600	\$1,155,860	\$238,160	\$4,817,128	\$79,468	
Long term debt, current	140,099												100,000				\$40,099
Deferred income	4,089,976	88,000	2,630,723		31,760								6,088		562,146	45,964	725,295
Total current liabilities	17,106,015	4,550,000	3,131,084	859,673	33,894	55,700	112,564	11,048	149,804	10,254	67,186	354,600	1,261,948	238,160	5,379,274	125,432	765,394
<b>Other liabilities</b>																	
Other payables	13,209,938	5,571,000	1,779,138	1,474,995		215,000							3,836,185				333,620
Long term debt, noncurrent	1,672,987												890,971				782,016
Total other liabilities	14,882,925	5,571,000	1,779,138	1,474,995	-	215,000	-	-	-	-	-	-	4,727,156	-	-	-	1,115,636
Total liabilities	31,988,940	10,121,000	4,910,222	2,334,668	33,894	270,700	112,564	11,048	149,804	10,254	67,186	354,600	5,989,104	238,160	5,379,274	125,432	1,881,030
<b>Net assets</b>																	
Unrestricted	89,993,801	54,844,000	178,180	15,724,424	1,167,230	1,765,954	2,763,357	219,047	2,357,015	49,340	(21,735)	6,637,664	2,270,067	150,886	623,701	(12,175)	1,276,846
Temporarily restricted																	
Scholarships & fellowships	39,899,888	11,150,000	21,638,348	2,283,031					1,454,163			593,733	2,780,613				
Research	25,488,864	7,997,000	4,366,330	13,115,004					10,530								
Other	116,733,401	38,550,000	33,075,658	20,925,248	3,764,305			497,853	4,763,145	10,551,383	449,035	1,956,222	1,954,884	245,668			
Permanently restricted																	
Scholarships & fellowships	144,368,749	76,159,000	27,139,380	6,114,758					7,166,507			9,182,004	18,535,428	71,672			
Research	2,224,601	1,060,000	802,967	355,760					5,874								
Other	221,345,365	82,498,000	76,775,803	27,424,339			3,130,495	4,032,252			6,595,153	19,607,664	-	1,281,659			
Total net assets	640,054,669	272,258,000	163,976,666	85,942,564	4,931,535	1,765,954	2,763,357	3,847,395	19,789,486	10,600,723	7,022,453	37,977,287	25,540,992	1,749,885	623,701	(12,175)	1,276,846
Total liabilities & net assets	\$672,043,609	\$282,379,000	\$168,886,888	\$88,277,232	\$4,965,429	\$2,036,654	\$2,875,921	\$3,858,443	\$19,939,290	\$10,610,977	\$7,089,639	\$38,331,887	\$31,530,096	\$1,988,045	\$6,002,975	\$113,257	\$3,157,876

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING BALANCE SHEET, COMPONENT UNITS  
JUNE 30, 2003

	Major Component Units-----				Non-major Component Units-----												
	Total	The University of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State College Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park
<b>Assets</b>																	
<b>Current assets</b>																	
Cash & equivalents	\$14,561,903	\$359,000	\$6,480,441	\$38,386	\$502,585	\$95,383	\$903,138	\$462,911	\$839,752	\$152,250	\$462,007	\$2,660,244	\$592,833	\$358,763	\$606,399	\$45,380	\$2,431
Accounts receivable	57,571,473	19,106,000	15,602,615	6,769,797	609,132	259,000	478,364	442,375	1,700,527	307,511	61,827	8,812,680	445,792	39,332	2,721,289		215,232
Investments	62,090,535				2,825,355	1,437,656	791,867	2,454,084	12,868,118	6,848,333		16,933,424	17,331,115		600,583		
Other assets	2,317,819	160,000	11,725		95,682	2,527	5,556			1,932,041	2,477			5,334			102,477
Total current assets	136,541,730	19,625,000	22,094,781	6,808,183	4,032,754	1,794,566	2,178,925	3,359,370	15,408,397	9,240,135	526,311	28,406,348	18,369,740	403,429	4,030,748	45,380	217,663
<b>Investments</b>																	
Investments	395,756,268	218,924,000	101,986,415	60,329,046			30,252				4,923,050	2,832,648	5,455,540	1,275,317			
Total investments	395,756,268	218,924,000	101,986,415	60,329,046			30,252				4,923,050	2,832,648	5,455,540	1,275,317			
<b>Other assets</b>																	
Accounts receivable	55,775,972	15,199,000	30,366,216	9,856,247									354,509				
Capital assets, net	17,083,572	6,177,000			64,309				1,659,090	925		1,329,619	4,716,295	135,029	10,522	2,987,827	2,956
Other assets	5,853,800	3,254,000		2,431,945		19,510							148,345				
Total other assets	78,713,344	24,630,000	30,366,216	12,288,192	64,309	19,510			1,659,090	925		1,329,619	5,219,149	135,029	10,522	2,987,827	2,956
Total assets	\$611,011,342	\$263,179,000	\$154,447,412	\$79,425,421	\$4,097,063	\$1,814,076	\$2,209,177	\$3,359,370	\$17,067,487	\$9,241,060	\$5,449,361	\$32,568,615	\$29,044,429	\$1,813,775	\$4,041,270	\$3,033,207	\$220,619
<b>Liabilities &amp; net assets</b>																	
<b>Current liabilities</b>																	
Accounts payable & accrued expenses	\$17,455,467	\$6,322,000	\$4,580,112	\$1,692,076	\$982	\$50,700	\$18,809	\$25,557	\$154,973	\$6,556	\$55,394	\$285,655	\$1,212,152	\$234,184	\$2,762,091	\$375	\$53,851
Long term debt, current	157,501												100,000			57,501	
Deferred income	4,095,146	91,000	2,794,670		46,775		7,600						10,839		562,735	581,527	
Total current liabilities	21,708,114	6,413,000	7,374,782	1,692,076	47,757	50,700	26,409	25,557	154,973	6,556	55,394	285,655	1,322,991	234,184	3,324,826	639,403	53,851
<b>Other liabilities</b>																	
Other payables	12,643,752	5,622,000	1,339,622	1,360,968		250,000							3,757,904			313,258	
Long term debt, noncurrent	1,814,188												982,639			831,549	
Total other liabilities	14,457,940	5,622,000	1,339,622	1,360,968		250,000							4,740,543			1,144,807	
Total liabilities	36,166,054	12,035,000	8,714,404	3,053,044	47,757	300,700	26,409	25,557	154,973	6,556	55,394	285,655	6,063,534	234,184	3,324,826	1,784,210	53,851
<b>Net assets</b>																	
Unrestricted	86,432,547	54,752,000	1,030,888	16,183,600	1,141,117	1,513,376	2,182,768	155,838	2,130,773	91,192	55,741	3,734,413	1,282,718	45,914	716,444	1,248,997	166,768
Temporarily restricted																	
Scholarships & fellowships	28,092,819	5,946,000	16,537,512	1,717,518					598,233			421,096	2,872,460				
Research	23,742,996	10,037,000	3,031,608	10,665,430					8,958								
Other	100,388,861	30,479,000	28,445,139	21,390,092	2,908,189		393,893	3,852,656	9,143,312	317,909	317,909	1,220,358	1,935,906	302,407			
Permanently restricted																	
Scholarships & fellowships	125,544,801	69,127,000	21,023,875	3,529,023					6,472,701			8,502,391	16,889,811				
Research	2,504,830	1,217,000	998,759	283,447					5,624								
Other	208,138,434	79,586,000	74,665,227	22,603,267			2,784,082	3,843,569			5,020,317	18,404,702		1,231,270			
Total net assets	574,845,288	251,144,000	145,733,008	76,372,377	4,049,306	1,513,376	2,182,768	3,333,813	16,912,514	9,234,504	5,393,967	32,282,960	22,980,895	1,579,591	716,444	1,248,997	166,768
Total liabilities & net assets	\$611,011,342	\$263,179,000	\$154,447,412	\$79,425,421	\$4,097,063	\$1,814,076	\$2,209,177	\$3,359,370	\$17,067,487	\$9,241,060	\$5,449,361	\$32,568,615	\$29,044,429	\$1,813,775	\$4,041,270	\$3,033,207	\$220,619

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	Year ended June 30,	
	2004	2003
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$835,120,699	\$743,567,588
Less: scholarship allowances	(129,599,843)	(109,446,814)
Federal grants and contracts	514,739,981	492,038,197
State and local grants and contracts	134,493,070	145,810,816
Nongovernmental grants and contracts	176,455,516	182,168,876
Sales and services of educational departments	117,769,547	110,045,910
Auxiliary enterprises:		
Residential facilities	92,147,143	89,543,050
Less: scholarship allowances	(9,092,233)	(8,730,370)
Dining facilities	73,425,757	67,534,633
Less: scholarship allowances	(4,014,917)	(4,948,399)
Intercollegiate athletics	59,359,632	58,735,518
Less: scholarship allowances	(1,948,672)	(2,239,369)
Bookstores	32,143,860	31,300,637
Less: scholarship allowances	(75,153)	(93,446)
Parking facilities	79,298,011	66,754,848
Other auxiliary enterprises revenues	79,298,011	66,754,848
Less: scholarship allowances	(68,431)	66,754,848
Other operating revenues	34,492,055	46,590,748
<b>Total operating revenues</b>	<b>2,032,432,074</b>	<b>1,933,031,744</b>
<b>OPERATING EXPENSES:</b>		
Instruction	803,837,622	807,051,018
Research	561,607,859	556,109,081
Public service	141,205,563	157,652,331
Academic support	229,764,549	232,637,110
Student services	102,587,413	102,421,943
Institutional support	271,023,443	258,672,693
Operation and maintenance of plant	195,529,348	180,072,055
Scholarships and fellowships	44,144,996	47,721,086
Auxiliary enterprises:		
Residential facilities	76,020,789	72,968,608
Dining facilities	61,721,346	56,230,266
Parking facilities	21,044,692	19,297,520
Intercollegiate athletics	58,216,376	71,864,463
Bookstore	30,137,069	30,105,414
Other auxiliary enterprises expenses	56,673,179	62,376,000
Hospital	56,208,858	46,022,357
<b>Total operating expenses</b>	<b>2,709,723,102</b>	<b>2,701,201,945</b>
<b>Operating loss</b>	<b>(677,291,028)</b>	<b>(768,170,201)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State appropriations	746,207,049	771,877,201
Gifts	14,951,158	24,402,376
Investment income	39,986,751	20,121,648
Less: Investment expense	(901,541)	(587,597)
Interest on indebtedness	39,085,210	19,534,051
Interest on indebtedness	(38,995,889)	(39,912,581)
Other nonoperating revenues (expenses)	13,074,556	19,849,256
<b>Total nonoperating revenue (expenses)</b>	<b>774,322,084</b>	<b>795,750,303</b>
<b>Income before other revenues, expenses, gains and losses</b>	<b>97,031,056</b>	<b>27,580,102</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES</b>		
Capital appropriations	176,168,720	206,898,819
Capital gifts and grants	14,285,353	9,148,428
Additions to permanent endowments	4,479,481	2,852,466
Other gains and losses	(766,438)	(1,502,161)
<b>Total other revenues, expenses, gains and losses</b>	<b>194,167,116</b>	<b>217,397,552</b>
<b>Increase in net assets</b>	<b>291,198,172</b>	<b>244,977,654</b>
<b>Net assets - beginning of year</b>	<b>2,399,636,775</b>	<b>2,187,058,728</b>
<b>Correction of error</b>	<b>(32,399,607)</b>	<b>(32,399,607)</b>
<b>Net assets - end of year</b>	<b>\$2,690,834,947</b>	<b>\$2,399,636,775</b>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2004

	Major Component Units-----				Non-major Component Units-----												
	Total	The University of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation, University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State College Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park
<b>Changes in unrestricted net assets</b>																	
<b>Revenues</b>																	
Contributions & grants	\$12,882,787	\$5,202,000	\$3,000	\$3,823,200	\$1,255,890	\$5,086	\$106,662	\$59,200	\$371,873	\$135,458	\$359,913	\$48,089	\$160,827	\$31,186	\$830,710	\$489,693	
Investment income	22,980,078	14,214,000	1,442,416	1,435,143	7,479	204,916	154,968	1,490	271,592	63,286	(59,485)	4,213,012	918,467	112,222		159	\$413
Other income	8,777,981	4,782,000	721,372	474,896	297,911	125,529	1,402,249		376	1,412	16,728	187,102	560,869	73,837	7,299		126,401
Assets released from restrictions	77,739,293	16,380,483	25,666,032	14,922,979	8,905		400,000	224,307	1,590,004	(75,681)	499,770	1,441,183	2,766,859	342,408	13,572,044		
<b>Total revenues</b>	<b>122,380,139</b>	<b>40,578,483</b>	<b>27,832,820</b>	<b>20,656,218</b>	<b>1,570,185</b>	<b>335,531</b>	<b>2,063,879</b>	<b>284,997</b>	<b>2,233,845</b>	<b>124,475</b>	<b>816,926</b>	<b>5,889,386</b>	<b>4,407,022</b>	<b>559,653</b>	<b>14,410,053</b>	<b>489,852</b>	<b>126,814</b>
<b>Expenses</b>																	
Program	95,311,517	24,262,000	27,387,335	20,145,598	1,146,868	53,832	616,303	161,179	1,462,238	166,327	615,637	1,781,200	3,006,552	342,408	13,572,045	591,995	
General & administrative	17,075,308	12,895,000	626,551	493,240	213,481	29,121	82,889	60,609	340,242		243,541	1,001,270	293,878	146,472	572,214	76,800	
Fundraising	4,255,176	2,360,000	671,642	476,556	183,723				205,123		35,224	203,665	119,243				
Other expense	2,211,083	969,483					784,098								358,537		98,965
<b>Total expenses</b>	<b>118,853,084</b>	<b>40,486,483</b>	<b>28,685,528</b>	<b>21,115,394</b>	<b>1,544,072</b>	<b>82,953</b>	<b>1,483,290</b>	<b>221,788</b>	<b>2,007,603</b>	<b>166,327</b>	<b>894,402</b>	<b>2,986,135</b>	<b>3,419,673</b>	<b>488,880</b>	<b>14,502,796</b>	<b>668,795</b>	<b>98,965</b>
<b>Change in unrestricted net assets</b>	<b>3,527,055</b>	<b>92,000</b>	<b>(852,708)</b>	<b>(459,176)</b>	<b>26,113</b>	<b>252,578</b>	<b>580,589</b>	<b>63,209</b>	<b>226,242</b>	<b>(41,852)</b>	<b>(77,476)</b>	<b>2,903,251</b>	<b>987,349</b>	<b>70,773</b>	<b>(92,743)</b>	<b>(178,943)</b>	<b>27,849</b>
<b>Changes in temporarily restricted net assets</b>																	
<b>Revenues</b>																	
Contributions & grants	78,379,952	18,187,000	25,665,502	14,148,766	3,475		400,000	241,849	1,838,232	1,361,573	468,747	935,313	1,383,515	173,936	13,572,044		
Investment income	28,264,358	11,107,000	10,894,666	2,158,101	861,546			86,756	1,484,682	819,082	100,008	675,143	61,545	15,829			
Other income	1,997,713								326,961	486,974	62,141	405,027	601,273	115,337			
Assets released from restrictions	(77,389,536)	(18,059,000)	(25,494,091)	(13,756,624)	(8,905)		(400,000)	(224,307)	(1,881,884)	75,681	(499,770)	(1,106,982)	(2,119,202)	(342,408)	(13,572,044)		
<b>Total revenues</b>	<b>31,252,487</b>	<b>11,235,000</b>	<b>11,066,077</b>	<b>2,550,243</b>	<b>856,116</b>	<b>-</b>	<b>-</b>	<b>104,298</b>	<b>1,767,991</b>	<b>2,743,310</b>	<b>131,126</b>	<b>908,501</b>	<b>(72,869)</b>	<b>(37,306)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>																	
Program	1,335,239										1,335,239						
Other expense	338							338									
<b>Total expenses</b>	<b>1,335,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>338</b>	<b>-</b>	<b>1,335,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in temporarily restricted net assets</b>	<b>29,916,910</b>	<b>11,235,000</b>	<b>11,066,077</b>	<b>2,550,243</b>	<b>856,116</b>	<b>-</b>	<b>-</b>	<b>103,960</b>	<b>1,767,991</b>	<b>1,408,071</b>	<b>131,126</b>	<b>908,501</b>	<b>(72,869)</b>	<b>(37,306)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in permanently restricted net assets</b>																	
<b>Revenues</b>																	
Contributions & grants	24,247,906	8,946,000	7,221,854	4,459,517				99,767	589,269		1,016,788	1,493,750	300,650	120,311			
Investment income	7,861,755	3,835,000	(76,915)	570,732				246,646	60		556,548	723,026	1,991,891	14,767			
Other income	5,512								1,530		1,500		733	1,749			
Assets released from restrictions	(349,757)	(2,994,000)	885,350	2,448,871					291,880			(334,201)	(647,657)				
<b>Total revenues</b>	<b>31,765,416</b>	<b>9,787,000</b>	<b>8,030,289</b>	<b>7,479,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,413</b>	<b>882,739</b>	<b>-</b>	<b>1,574,836</b>	<b>1,882,575</b>	<b>1,645,617</b>	<b>136,827</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in permanently restricted net assets</b>	<b>31,765,416</b>	<b>9,787,000</b>	<b>8,030,289</b>	<b>7,479,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,413</b>	<b>882,739</b>	<b>-</b>	<b>1,574,836</b>	<b>1,882,575</b>	<b>1,645,617</b>	<b>136,827</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total change in net assets</b>	<b>65,209,381</b>	<b>21,114,000</b>	<b>18,243,658</b>	<b>9,570,187</b>	<b>882,229</b>	<b>252,578</b>	<b>580,589</b>	<b>513,582</b>	<b>2,876,972</b>	<b>1,366,219</b>	<b>1,628,486</b>	<b>5,694,327</b>	<b>2,560,097</b>	<b>170,294</b>	<b>(92,743)</b>	<b>(178,943)</b>	<b>27,849</b>
Net assets(deficit) at beginning of year	574,845,288	251,144,000	145,733,008	76,372,377	4,049,306	1,513,376	2,182,768	3,333,813	16,912,514	9,234,504	5,393,967	32,282,960	22,980,895	1,579,591	716,444	166,768	1,248,997
Net assets(deficit) at end of year	\$640,054,669	\$272,258,000	\$163,976,666	\$85,942,564	\$4,931,535	\$1,765,954	\$2,763,357	\$3,847,395	\$19,789,486	\$10,600,723	\$7,022,453	\$37,977,287	\$25,540,992	\$1,749,885	\$623,701	(\$12,175)	\$1,276,846

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2003

	Major Component Units-----				Non-major Component Units-----												
	Total	The University of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State College Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park
<b>Changes in unrestricted net assets</b>																	
<b>Revenues</b>																	
Contributions & grants	\$12,461,015	\$2,976,000		\$4,668,373	\$756,329	\$4,801	\$10,000	\$6,000	\$848,743	\$854,419	\$891,212	\$63,304	\$147,622	\$46,706	\$808,879		\$378,627
Investment income	10,356,577	4,900,000	\$2,618,692	1,427,871	7,337	45,719	20,250	3,420	346,677	39,962	1,840	674,046	260,618	9,267		\$553	325
Other income	9,833,658	5,069,000	1,008,169	713,255	303,725	399,859	1,431,697		5	360,634	18,948	(131,558)	483,906	89,302	18,794	64,733	3,189
Assets released from restrictions	80,855,907	20,258,000	25,358,252	15,551,873	64,538		421,479	487,916	1,866,139		273,849	1,456,615	2,767,917	303,423	12,045,906		
<b>Total revenues</b>	<b>113,507,157</b>	<b>33,203,000</b>	<b>28,985,113</b>	<b>22,361,372</b>	<b>1,131,929</b>	<b>450,379</b>	<b>1,883,426</b>	<b>497,336</b>	<b>3,061,564</b>	<b>1,255,015</b>	<b>1,185,849</b>	<b>2,062,407</b>	<b>3,660,063</b>	<b>448,698</b>	<b>12,873,579</b>	<b>65,286</b>	<b>382,141</b>
<b>Expenses</b>																	
Program	95,860,613	27,383,000	24,886,071	20,295,647	617,406	36,166	388,247	401,729	1,783,938	1,603,152	1,062,102	1,760,537	3,016,967	303,423	12,045,985		276,243
General & administrative	10,544,055	7,547,000	642,753	441,606	203,576	53,122	104,587	74,442	324,681	75,936	102,321	175,000	292,290	128,703	320,584		57,454
Fundraising	3,803,144	2,007,000	437,053	623,019	209,878				234,247		13,391	159,401	119,155				
Other expense	2,547,445	1,225,000					853,106				23,076				333,516	112,747	
<b>Total expenses</b>	<b>112,755,257</b>	<b>38,162,000</b>	<b>25,965,877</b>	<b>21,360,272</b>	<b>1,030,860</b>	<b>89,288</b>	<b>1,345,940</b>	<b>476,171</b>	<b>2,342,866</b>	<b>1,679,088</b>	<b>1,200,890</b>	<b>2,094,938</b>	<b>3,428,412</b>	<b>432,126</b>	<b>12,700,085</b>	<b>112,747</b>	<b>333,697</b>
<b>Change in unrestricted net assets</b>	<b>751,900</b>	<b>(4,959,000)</b>	<b>3,019,236</b>	<b>1,001,100</b>	<b>101,069</b>	<b>361,091</b>	<b>537,486</b>	<b>21,165</b>	<b>718,698</b>	<b>(424,073)</b>	<b>(15,041)</b>	<b>(32,531)</b>	<b>231,651</b>	<b>16,572</b>	<b>173,494</b>	<b>(47,461)</b>	<b>48,444</b>
<b>Changes in temporarily restricted net assets</b>																	
<b>Revenues</b>																	
Contributions & grants	78,662,072	16,865,000	25,829,614	19,347,254	10,915		400,000	206,951	1,180,016	630,820	117,456	569,907	1,304,262	153,971	12,045,906		
Investment income	14,079,586	6,199,000	4,724,578	2,281,710	21,004			68,775	249,453	192,284		324,407	(857)	19,232			
Other income	1,532,461						56,590		394,691		56,413	361,611	567,510	95,646			
Assets released from restrictions	(78,388,503)	(20,445,000)	(23,423,447)	(15,579,048)	(64,538)		(421,479)	(487,916)	(1,890,389)		(172,382)	(1,456,615)	(2,098,360)	(303,423)	(12,045,906)		
<b>Total revenues</b>	<b>15,885,616</b>	<b>2,619,000</b>	<b>7,130,745</b>	<b>6,049,916</b>	<b>(32,619)</b>		<b>35,111</b>	<b>(212,190)</b>	<b>(66,229)</b>	<b>823,104</b>	<b>1,487</b>	<b>(200,690)</b>	<b>(227,445)</b>	<b>(34,574)</b>			
<b>Expenses</b>																	
Program	52,000						52,000										
Other expense	102,333										102,333						
<b>Total expenses</b>	<b>154,333</b>						<b>52,000</b>				<b>102,333</b>						
<b>Change in temporarily restricted net assets</b>	<b>15,731,283</b>	<b>2,619,000</b>	<b>7,130,745</b>	<b>6,049,916</b>	<b>(32,619)</b>		<b>(16,889)</b>	<b>(212,190)</b>	<b>(66,229)</b>	<b>823,104</b>	<b>(100,846)</b>	<b>(200,690)</b>	<b>(227,445)</b>	<b>(34,574)</b>			
<b>Changes in permanently restricted net assets</b>																	
<b>Revenues</b>																	
Contributions & grants	27,256,435	8,724,000	7,955,413	8,332,715				266,239	313,141		342,791	930,759	354,161	37,216			
Investment income	(504,107)	639,000	(1,851,544)	188,285				12,914	77		235,542	(711,864)	997,200	(13,717)			
Other income	1,249,085	1,121,825							7,224		94,299		1,982	23,755			
Assets released from restrictions	(2,467,404)	(3,330,825)	633,489	976,706					24,250		(101,467)		(669,557)				
<b>Total revenues</b>	<b>25,534,009</b>	<b>7,154,000</b>	<b>6,737,358</b>	<b>9,497,706</b>				<b>279,153</b>	<b>344,692</b>		<b>571,165</b>	<b>218,895</b>	<b>683,786</b>	<b>47,254</b>			
<b>Change in permanently restricted net assets</b>	<b>25,534,009</b>	<b>7,154,000</b>	<b>6,737,358</b>	<b>9,497,706</b>				<b>279,153</b>	<b>344,692</b>		<b>571,165</b>	<b>218,895</b>	<b>683,786</b>	<b>47,254</b>			
<b>Total change in net assets</b>	<b>42,017,192</b>	<b>4,814,000</b>	<b>16,887,339</b>	<b>16,548,722</b>	<b>68,450</b>	<b>361,091</b>	<b>520,597</b>	<b>88,128</b>	<b>997,161</b>	<b>399,031</b>	<b>455,278</b>	<b>(14,326)</b>	<b>687,992</b>	<b>29,252</b>	<b>173,494</b>	<b>(47,461)</b>	<b>48,444</b>
Net assets(deficit) at beginning of year	532,828,096	246,330,000	128,845,669	59,823,655	3,980,856	1,152,285	1,662,171	3,245,685	15,915,353	8,835,473	4,938,689	32,297,286	22,292,903	1,550,339	542,950	1,296,458	118,324
Net assets(deficit) at end of year	\$574,845,288	\$251,144,000	\$145,733,008	\$76,372,377	\$4,049,306	\$1,513,376	\$2,182,768	\$3,333,813	\$16,912,514	\$9,234,504	\$5,393,967	\$32,282,960	\$22,980,895	\$1,579,591	\$716,444	\$1,248,997	\$166,768

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>Year ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$705,588,950	\$644,823,816
Research contracts and grants	794,856,188	844,157,478
Payments to employees	(1,813,939,307)	(1,792,501,401)
Payments to suppliers and contractors	(755,399,873)	(745,734,028)
Loans issued to students	(15,650,256)	(14,579,892)
Collections of loans to students	13,736,644	14,633,190
Auxiliary enterprises:		
Residential facilities	81,221,580	85,781,208
Dining facilities	64,286,214	56,857,796
Intercollegiate athletics	58,612,994	57,032,699
Bookstores	36,444,494	31,206,655
Parking facilities	31,744,883	24,561,899
Other	73,530,611	70,132,024
Other receipts	<u>143,242,968</u>	<u>144,571,120</u>
<b>Net cash used by operating activities</b>	<u>(581,723,910)</u>	<u>(579,057,436)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	746,207,049	771,877,201
Nonoperating gifts	14,951,158	9,256,004
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	4,479,481	2,852,466
Other nonoperating gains and losses	<u>12,754,703</u>	<u>18,070,435</u>
<b>Net cash provided by noncapital financing activities</b>	<u>778,392,391</u>	<u>802,056,106</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	352,693,251	145,381,622
Capital appropriations	176,168,720	206,898,818
Capital grants and gifts received	12,862,460	21,553,957
Proceeds from sales of capital assets	6,421,206	438,714
Purchases of capital assets	(369,935,799)	(487,563,252)
Principal paid on debt and capital leases	(210,073,230)	(86,927,349)
Interest paid on debt and capital leases	<u>(42,677,427)</u>	<u>(40,437,053)</u>
<b>Net cash used by capital and related financing activities</b>	<u>(74,540,819)</u>	<u>(240,654,543)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	(12,030,243)	230,919,649
Interest on investments	23,486,176	13,396,607
Investment expense	(596,908)	(590,190)
Purchases of investments	<u>7,899,042</u>	<u>(235,813,233)</u>
<b>Net cash provided by investing activities</b>	<u>18,758,067</u>	<u>7,912,833</u>
<b>Net increase (decrease) in cash</b>	140,885,729	(9,743,040)
<b>Cash and cash equivalents - beginning of the year</b>	<u>535,530,608</u>	<u>545,273,648</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$676,416,337</u></u>	<u><u>\$535,530,608</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating loss	(\$677,291,028)	(\$768,170,201)
<b>Adjustments to reconcile operating loss to net cash used by operating activities:</b>		
Depreciation expense	142,125,689	128,682,424
<b>Changes in assets and liabilities:</b>		
Accounts receivables, net	(45,924,229)	20,452,444
Inventories	(429,526)	(30,891)
Prepaid expenses and deferred charges	(1,454,827)	(501,069)
Notes receivable	(2,062,598)	728,386
Capital assets	9,000,707	32,193,658
Accounts payable and accrued liabilities	(26,224,231)	(6,187,116)
Deferred revenue	15,332,730	9,422,429
Accrued vacation	2,317,403	3,945,500
Accrued workers compensation	<u>2,886,000</u>	<u>407,000</u>
<b>Net cash used by operating activities</b>	<u>(581,723,910)</u>	<u>(579,057,436)</u>

See accompanying notes.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2004 AND 2003

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#### 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, two research components and an administrative unit. Its degree-granting institutions provide a full range of undergraduate, graduate, professional and continuing education opportunities for students. Its research and public service components conduct basic and applied research, and transfer new technology to constituencies. The administrative unit includes the System Chancellor and staff who serve as support to the Board.

#### 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 in *Governmental Accounting Standards Board (GASB) Statement #14, The Financial Reporting Entity*, and *GASB Statement #39, Determining Whether Certain Organizations Are Component Units*. Amounts held in System accounts on behalf of separately organized entities are included as assets, with a corresponding liability reflected. The System has decided to apply the requirements of *Statement #14, The Financial Reporting Entity*, and *GASB Statement #39, Determining Whether Certain Organizations Are Component Units* as of July 1, 2002 in its financial statements.

Accordingly, the System has recognized, as affiliated foundations, sixteen 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 sixteen affiliated foundations meet the criteria for inclusion in the financial reporting entity. Based on the criteria in *GASB Statement #14, The Financial Reporting Entity*, each of the affiliated foundations are presented in a discrete presentation.

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

The following affiliated foundations are considered nonmajor component units:

Medical Alumni Association of the University of Maryland, Inc.  
The Robert H. Smith School of Business Foundation, Inc.  
M Club Foundation University of Maryland, Inc.  
The Maryland 4-H Foundation, Inc.  
University Research Corporation International  
Bowie State University Foundation, Inc.  
The Maryland Center @ Bowie State University  
Towson University Foundation, Inc.  
Frostburg State University Foundation, Inc.  
Coppin State College Development Foundation, Inc.  
University of Baltimore Educational Foundation, Inc. and University Properties, Inc.  
Salisbury University Foundation, Inc.  
UMBC Research Park Corporation, Inc.

During the years ended June 30, 2004 and 2003, the foundations distributed approximately \$60,000,000 and \$56,000,000, respectively, to the System including its institutions for both restricted and unrestricted purposes.

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

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

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

**Measurement Focus and Basis of Accounting** - For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**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. *GASB Statement #34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* specifically defines State appropriations as Nonoperating revenues.

**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.

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

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

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

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

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

**Reclassifications** – Certain amounts for the year ended June 30, 2003 have been reclassified to conform with the presentation of revenues, expenses and other changes in net assets for the year ended June 30, 2004.

**Pending change in accounting principles** – In March 2003, *GASB Statement #40, Deposit and Investment Risk Disclosures*, was issued, which requires certain disclosures about common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2006 in accordance with the new requirements.

In November 2003, *GASB Statement #42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, was issued, which requires that financial statements reflect adjustments for changes in the utility of capital assets when technology, environmental events, or physical damage diminish the usefulness of a capital asset for its intended purpose or use. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2006 in accordance with the new requirements.

In June 2004, *GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was issued. This statement will require employers to report systematic, accrual-based measurement and recognition of other post-employment benefit arrangements in the financial statements. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2008 in accordance with the new requirements.

## 1. CORRECTION OF ACCOUNTING ERROR

On July 1, 2001, the System implemented the requirements of *GASB Statement #34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and *GASB Statement #35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The need to depreciate capital assets required that the System review and itemize all of its capital asset amounts at a detailed asset level, and apply a set of standard depreciation conventions and rules. Several institutions did not complete this process until the year ended June 30, 2004, and accordingly, are now adjusting the cost value and accumulated depreciation amounts. The resulting accounting adjustments, representing a reduction of \$32,399,607 in the recorded amount of the net assets category, Invested in capital assets, net of capital debt, were calculated as of June 30, 2002, and have been recorded as an adjustment to the July 1, 2002 net assets amount.

## 2. CASH AND CASH EQUIVALENTS

At June 30, Cash and cash equivalents consist of the following:

	<u>2004</u>	<u>2003</u>
Cash and short-term investments on deposit with the State Treasurer	\$570,525,766	\$502,820,896
Demand and time deposits	7,279,158	4,060,565
Mutual funds and money market funds, at fair value	98,611,413	28,649,147
Total	<u>\$676,416,337</u>	<u>\$535,530,608</u>

At June 30, 2004, and 2003 the carrying amount of the System's demand and time deposits was \$7,279,158 and \$4,060,565, as compared to bank balances of \$11,685,019 and \$8,780,338, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$11,216,732 and \$7,881,929 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 \$468,287 and \$898,409 was uninsured and uncollateralized at June 30, 2004 and 2003, respectively.

The Annotated Code of Maryland requires the System to maintain its cash balances, except for assets associated with endowment funds or proceeds of System financing arrangements, on deposit with the State Treasurer. The State Treasurer maintains these and other State funds on a pooled basis in accordance with the Annotated Code of Maryland. Thus, the System's share of this pool cannot be categorized in accordance with *GASB Statement #3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

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 not 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 not 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.

At June 30, Restricted cash and cash equivalents includes:

	<b>2004</b>	<b>2003</b>
Endowment funds uninvested cash	\$7,966,286	\$7,252,145
Unspent proceeds of debt	85,090,866	4,933,405
Total	<u>\$93,057,152</u>	<u>\$12,185,550</u>

### 3. INVESTMENTS

#### Endowment investments

At June 30, Endowment investments consist of the following, stated at fair value:

	<u>2004</u>	<u>2003</u>
U.S. and state government obligations	\$12,906,218	\$10,119,013
Asset-backed securities	8,741,972	11,871,643
Corporate debt securities	13,330,329	18,725,434
Corporate equity securities	153,072,286	126,845,014
	<u>\$188,050,805</u>	<u>\$167,561,104</u>

The System's Endowment investments are categorized, in accordance with *GASB Statement #3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, as being insured or registered, or securities held by the System or its agent in the System's name. Mutual funds and money market funds are not subject to risk categorization under GASB Statement #3.

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.

The System invests a portion of its endowment funds in various forms of asset-backed securities, as a means of enhancing portfolio-wide risk-adjusted returns. The values of asset-backed securities are generally based on the future cash flows associated with the underlying pools of assets. Accordingly, asset-backed securities are subject to market risk due to fluctuations in interest rates, prepayment risks, and various liquidity factors related to the specific underlying pools of assets. At June 30, 2004 and 2003, the System had investments in asset-backed securities of \$8,741,972 and \$11,871,643, representing 4.7% and 7% of total Endowment investments, including collateralized mortgage obligations of \$2,358,810 and \$2,710,010 and mortgage pass-through securities of \$6,383,162 and \$9,161,633, respectively.

A spending rule has been adopted by the Regents 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 5.0% 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 of Regents. Net appreciation on investments of the endowment funds approximates \$148,600,000 and \$110,000,000 at June 30, 2004 and 2003, respectively. Reinvestments of net appreciation are considered to be subject to the same restrictions as the original gift amounts, and accordingly, are reflected as a component of restricted, expendable net assets.

The Maryland Uniform 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, religious, 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 securities and ownership interests received as either a gift, or in exchange for services and use of facilities provided to start-up businesses. The carrying value of Other investments is assessed on an annual basis by reference to the value of underlying assets, estimates of future cash flows, or published market prices for the securities where available. Other investments are categorized, in accordance with *GASB Statement #3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, as being insured or registered, or securities held by the System or its agent in the System's name.

Investment income is assigned to the accounting funds, including Endowments, in proportions associated with investments held by the various accounting funds. For the years ended June 30, 2004 and 2003, investment income attributed to unrestricted funds and restricted funds was:

	<u>2004</u>	<u>2003</u>
Unrestricted funds	\$19,823,821	\$16,286,479
Restricted funds	20,162,930	3,835,169
	<u>\$39,986,751</u>	<u>\$20,121,648</u>
Total investment income		

### Major component units

The University of Maryland Foundation, Inc. invests funds on behalf of several other System component units. All of the amounts reported as investments by the University of Maryland College

Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are included in the investments recorded by the University of Maryland Foundation, Inc.

At June 30, 2004 and 2003, major component unit investments, recorded at fair value, are:

	<u>2004</u>	<u>2003</u>
Money market funds and short-term investments	\$41,401,733	\$63,485,868
Corporate and foreign bonds	44,140,014	50,487,139
Equities	142,739,055	122,729,744
U.S. Treasury notes and bonds	16,079,304	16,702,842
U.S. Agencies	9,999,103	12,690,689
Collateral mortgage obligations and asset-backed securities	9,901,988	23,403,434
Absolute return and market neutral funds	59,467,148	38,900,818
Long and short equity hedge funds	48,533,068	20,709,273
Private capital	28,020,720	22,013,915
Real estate	25,226,266	10,115,739
	<u>\$425,509,399</u>	<u>\$381,239,461</u>
Total		

#### 4. CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2004 and 2003 are presented on the following page.

Total interest expense incurred on revenue bonds, long-term debt and obligations under capital lease agreements during the years ended June 30, 2004 and 2003 was \$39,905,499 and \$43,002,720, respectively. Interest expense of \$909,610 and \$3,090,139 associated with projects not yet completed was recorded as construction in progress during the years ended June 30, 2004 and 2003. The remaining \$38,995,889 and \$39,912,581 is reported as Interest on indebtedness for the years ended June 30, 2004 and 2003.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2004 AND 2003

	July 1, 2002			June 30, 2003			June 30, 2004
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
<b>Capital assets being depreciated:</b>							
Infrastructure & Land Improvements	\$150,227,783	\$21,429,349	\$2,202,148	\$169,454,984	\$13,937,022	\$123,342	\$183,268,664
Buildings & Improvements	2,483,122,836	420,417,488	27,220,847	2,876,319,477	372,193,588	3,065,211	3,245,447,854
Contents	616,995,492	73,313,415	29,008,031	661,300,876	69,229,066	21,843,268	708,686,674
Facilities recorded under capital lease agreements	4,136,104			4,136,104			4,136,104
<b>Total capital assets being depreciated</b>	<b>3,254,482,215</b>	<b>515,160,252</b>	<b>58,431,026</b>	<b>3,711,211,441</b>	<b>455,359,676</b>	<b>25,031,821</b>	<b>4,141,539,296</b>
<b>Less accumulated depreciation for:</b>							
Infrastructure & Land Improvements	71,564,115	2,315,968		73,880,083	9,607,307		83,487,390
Buildings & Improvements	955,268,359	76,247,504	17,436,106	1,014,079,757	81,097,782	3,065,211	1,092,112,328
Contents	405,594,730	50,030,318	15,648,969	439,976,079	51,233,487	13,180,947	478,028,619
Facilities recorded under capital lease agreements	1,654,503	88,634		1,743,137	187,113		1,930,250
<b>Total accumulated depreciation</b>	<b>1,434,081,707</b>	<b>128,682,424</b>	<b>33,085,075</b>	<b>1,529,679,056</b>	<b>142,125,689</b>	<b>16,246,158</b>	<b>1,655,558,587</b>
<b>Total capital assets being depreciated, net</b>	<b>1,820,400,508</b>	<b>386,477,828</b>	<b>25,345,951</b>	<b>2,181,532,385</b>	<b>313,233,987</b>	<b>8,785,663</b>	<b>2,485,980,709</b>
<b>Capital assets not being depreciated:</b>							
Land	67,215,268	13,690,782		80,906,050	21,084,665	4,396,111	97,594,604
Contents	9,672,218	7,031,146		16,703,364	2,766,122	5,220	19,464,266
Construction in progress	457,887,859	286,031,580	335,676,486	408,242,953	183,241,232	288,440,908	303,043,277
<b>Total capital assets not being depreciated</b>	<b>534,775,345</b>	<b>306,753,508</b>	<b>335,676,486</b>	<b>505,852,367</b>	<b>207,092,019</b>	<b>292,842,239</b>	<b>420,102,147</b>
<b>Capital assets, net</b>	<b>\$2,355,175,853</b>	<b>\$693,231,336</b>	<b>\$361,022,437</b>	<b>\$2,687,384,752</b>	<b>\$520,326,006</b>	<b>\$301,627,902</b>	<b>\$2,906,082,856</b>

## 5. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE

Accounts receivable at June 30, 2004 and 2003 were comprised of:

	<u>2004</u>	<u>2003</u>
Tuition and fees	\$90,605,112	\$71,021,628
Contracts and grants	114,345,909	83,202,999
Other	18,199,908	20,120,488
	<hr/>	<hr/>
Subtotal	223,150,929	174,345,115
Allowance for doubtful accounts	(16,778,049)	(13,940,352)
	<hr/>	<hr/>
Accounts receivable, net	<u>\$206,372,880</u>	<u>\$160,404,763</u>

Notes receivable at June 30, 2004 and 2003 were comprised of:

	<u>2004</u>	<u>2003</u>
Student loans	\$71,438,138	\$69,027,327
Business development loans	5,291,051	5,732,024
	<hr/>	<hr/>
Subtotal	76,729,189	74,759,351
Allowance for doubtful notes	(9,618,502)	(9,711,262)
	<hr/>	<hr/>
Notes receivable, net	<u>\$67,110,687</u>	<u>\$65,048,089</u>

Accounts payable and accrued liabilities at June 30, 2004 and 2003 were comprised of:

	<u>2004</u>	<u>2003</u>
Payroll and benefits	\$88,839,234	\$81,579,538
Suppliers and contractors	61,656,451	70,514,138
Accrued interest payable	12,236,250	14,202,710
Other	15,324,890	36,531,700
	<hr/>	<hr/>
Accounts payable and accrued liabilities	<u>\$178,056,825</u>	<u>\$202,828,086</u>

### Major component units

Accounts receivable include unconditional promises to contribute pledged to the affiliated foundations. Promised contributions are recorded at a discounted value that reflects the time value of money. At June 30, 2004 and 2003, contributions receivable are due as follows:

**University of Maryland Foundation, Inc.**

<b>Due</b>	<b>Discount rates</b>	<b>2004</b>	<b>2003</b>
Within one year		\$16,020,000	\$9,567,000
One to five years	1.125% – 6.5%	11,987,000	10,973,000
More than five years	4.38% - 6.75%	1,891,000	293,000
Subtotal		29,898,000	20,833,000
Interest component		(3,047,000)	(1,594,000)
Net contributions receivable		\$26,851,000	\$19,239,000

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

<b>Due</b>		<b>2004</b>	<b>2003</b>
Within one year		\$13,304,451	\$15,735,398
One to five years		23,037,228	29,608,620
More than five years		3,388,761	4,769,561
Subtotal		39,730,440	50,113,579
Allowance for doubtful accounts		(539,666)	(1,877,242)
Interest component		(3,713,126)	(2,913,293)
Net contributions receivable		\$35,477,648	\$45,323,044

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

<b>Due</b>	<b>Discount rates</b>	<b>2004</b>	<b>2003</b>
Within one year		\$8,643,447	\$6,706,788
One to five years	1.23% - 2.76%	9,108,459	10,193,033
Subtotal		17,751,906	16,899,821
Allowance for doubtful accounts		(524,993)	(316,553)
Interest component		(386,444)	(336,786)
Net contributions receivable		\$16,840,469	\$16,246,482

**6. 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 \$1,025,000,000.

Revenue bonds and notes payable consist of the following at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Revenue Bonds, net	\$897,288,426	\$775,364,785
Revolving Loan Program Bonds and Equipment Loan Program Obligations, less unamortized discount and refunding adjustment of \$12,943 and \$21,566	64,987,057	49,567,742
Certificates of Participation	16,400,000	17,600,000
Other	14,344,356	7,393,317
	<u>\$993,019,839</u>	<u>\$849,925,844</u>
Revenue bonds and notes payable, net		

### Auxiliary Facility and Tuition Revenue Bonds

At June 30, 2004, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
1989 Series B	6.9%	2004	\$1,062,734
1995 Series A	5.0% - 5.6%	2005-2016	7,645,000
1996 Series A	5.4% - 5.5%	2005-2008	9,930,000
1997 Series A	5.0% - 5.1%	2005-2018	49,480,000
1998 Series A	5.0%	2005-2019	77,990,000
1999 Series A	4.0% - 4.5%	2004-2019	95,080,000
1999 Refunding Series B	4.2% - 4.8%	2004-2008	2,975,000
2000 Series A	4.6% - 5.7%	2004-2020	69,100,000
2001 Series A	4.0% - 5.0%	2005-2021	67,715,000
2001 Series B	3.5% - 4.6%	2005-2022	52,950,000
2002 Series A	3.0% - 5.2%	2005-2023	138,455,000
2003 Series A & B	1.7% - 5.0%	2005-2024	243,515,000
2004 Series A & B	3.0% - 6.0%	2005-2024	64,165,000
			<u>880,062,734</u>
Unamortized discounts, premiums and refunding adjustments			<u>17,225,692</u>
Revenue bonds, net			<u>\$897,288,426</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 annual debt service on Revenue Bonds.

On June 2, 2004, the System issued \$64,165,000 of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds, including \$35,835,000 of 2004 Series A, and \$28,330,000 of 2004 Series B (collectively, the 2004 Series A & B bonds). The 2004 Series A & B bonds consist of serial bonds maturing through the year ended June 30, 2024 with stated rates of interest from 3.0% to 6.0% and were issued at a net premium of \$865,019. Of the proceeds of the 2004 Series A & B bonds, approximately \$63,109,000 is to be used to fund property acquisition, new construction and renovation projects, while \$1,604,626 were used to advance refund \$1,874,000 of outstanding principal of the 1992 Series C Revenue Bonds. The advance refunding of Revenue Bonds reduced future debt service requirements by \$1,275,888 and resulted in an economic gain (the present value of the difference between the debt service requirements on the old, refunded debt and the new debt) of \$897,416. An unamortized amount on refunding of \$264,685 (adjusted for unamortized discount or premium) was recorded as a result of the advance refunding and is being amortized over the period during which the refunded Revenue Bonds would have matured.

On July 10, 2003, the System issued \$246,155,000 of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds, including \$228,035,000 of 2003 Series A, and \$18,120,000 of taxable 2003 Series B (collectively, the 2003 Series A & B bonds). The 2003 Series A & B bonds consist of serial bonds maturing through the year ended June 30, 2024 with stated rates of interest from 1.75% to 5%, and were issued at a net premium of \$21,018,859. Of the proceeds of the 2003 Series A & B bonds, approximately \$105,500,000 is to be used to fund new construction and renovation projects, while \$160,497,308 were used to advance refund an aggregate of \$153,070,000 of outstanding principal of the 1993 Series A, 1993 Series B, 1993 Series C, and 1995 Series A Revenue Bonds. The advance refunding of Revenue Bonds reduced future debt service requirements by \$12,414,515 and resulted in an economic gain (the present value of the difference between the debt service requirements on the old, refunded debt and the new debt) of \$11,893,449. An unamortized amount on refunding of \$7,762,374 (adjusted for unamortized discount or premium) was recorded as a result of the advance refunding and is being amortized over the period during which the refunded Revenue Bonds would have matured.

On July 3, 2002, the System issued \$142,350,000 of University System of Maryland Auxiliary Facility and Tuition Revenue Bonds, 2002 Series A (the 2002 Series A bonds). The 2002 Series A bonds consist of serial bonds maturing through the year ended June 30, 2023 with stated rates of interest from 3% to 5.125%, and were issued at an aggregate premium of \$6,758,379. Of the proceeds of the 2002 Series A, approximately \$104,509,000 were used to fund new construction and renovation projects, while \$44,599,388 were used to advance refund an aggregate of \$40,945,000 of outstanding principal of the 1996 Series A, 2000 Series A, and 2001 Series A revenue bonds. The advance refunding of Revenue Bonds reduced future debt service requirements by \$1,983,660 and resulted in an economic gain (the present value of the difference between the debt service requirements on the old, refunded debt and the new debt) of \$1,537,983. An unamortized amount on refunding of \$3,726,211 (adjusted for unamortized discount or premium) was recorded as a result of the advance refunding and is being amortized over the period during which the refunded Revenue Bonds would have matured.

At June 30, 2004 and 2003, cash and cash equivalents restricted by the terms of the Indenture of Trust in the amount of \$74,765,595 and \$4,933,405, respectively, were held by the trustee as unexpended proceeds of the Revenue Bonds.

### **Equipment Loan Program Obligations**

Equipment Loan Program Obligations (the Equipment Obligations) include debt issued in 1992 pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Equipment Obligations, dated June 1, 1992, and amounts issued during 1996, 1997 and 2000 under a separate agreement dated April 1, 1995.

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The Revolving Loan Program Bonds, 2003 Series A consist of auction reset securities, meaning that interest is calculated on outstanding Revolving Loan Program Bonds using rates of interest determined through a periodic auction process. The Revolving Loan Program Bonds, 2003 Series A mature on July 1, 2023, and may be converted to fixed interest rate instruments at the option of the System. A portion of the proceeds, \$45,585,000, was used to refund \$45,000,000 of Revolving Equipment Loan Program Obligations and \$4,585,000 of Equipment Loan Program Obligations.

At June 30, 2004, cash and cash equivalents in the amount of \$10,325,271 was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

### **Certificates of Participation**

The System issued \$17,800,000 of variable rate Certificates of Participation on October 30, 2000 to finance the construction of an addition to the School of Business at the University of Maryland, College Park. Payments of principal will be made annually on June 1 beginning in 2003 and ending June 1, 2015. Interest is payable semiannually on December 1 and June 1. Interest charges are determined on a weekly basis by a remarketing agent, using the lowest rate that would permit the sale of the Certificates at par plus accrued interest. The System has the option of converting the Certificates to a daily rate, a multi-annual rate, a commercial paper rate, or a fixed rate.

### **Other**

Other debt and notes payable includes amounts borrowed to finance facilities, equipment acquisitions, 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 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	
2005	\$48,497,734	\$43,225,871	\$1,823,851	\$4,948,090	\$98,495,546
2006	53,865,000	39,745,291	2,633,037	4,856,507	101,099,835
2007	56,955,000	37,231,787	1,906,676	4,733,257	100,826,720
2008	59,295,000	34,495,698	2,032,302	4,640,715	100,463,715
2009	61,670,000	31,706,983	2,179,176	4,540,213	100,096,372
2010 – 2014	256,935,000	117,786,742	12,863,009	20,939,560	408,524,311
2015 – 2019	220,065,000	60,977,067	4,663,391	18,343,279	304,048,737

2020 -- 2024	122,780,000	14,442,882	67,642,914	14,411,120	219,276,916
Total	<u>\$880,062,734</u>	<u>\$379,612,321</u>	<u>\$95,744,356</u>	<u>\$77,412,741</u>	<u>\$1,432,832,152</u>

## 7. LEASES

### Obligations under capital leases agreements

The System (the University of Maryland Biotechnology Institute) leases a facility under an agreement recorded as a capital lease. The obligation is recorded at the present value of future minimum lease payments using a discount rate of 6.8%.

Future minimum payments on obligations under capital lease agreements are as follows:

<u>Year ending June 30,</u>	<u>Total</u>
2005	\$511,986
2006	511,986
2007	511,986
2008	511,986
2009	511,986
2010 – 2014	2,559,930
2015 – 2019	2,559,930
2020 - 2022	<u>767,978</u>
Total future lease payments	8,447,768
Interest component	<u>(3,394,713)</u>
Obligations under capital lease agreements	<u><u>\$5,053,055</u></u>

### Operating leases

The System and its constituent units lease facilities and equipment under agreements reported as operating leases. Many 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 with an initial or remaining noncancelable term in excess of one year are as follows:

<u>Year ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2005	\$7,842,046
2006	3,830,915

2007	2,373,195
2008	1,740,075
2009	1,858,396
2010 - 2014	<u>371,177</u>
Total	<u><u>\$18,015,804</u></u>

Operating lease expenditures for the years ended June 30, 2004 and 2003 were \$6,306,648 and \$7,355,866, respectively.

The System has entered into lease agreements with developers at seven of its institutions. These agreements provide the developers the use of System land for periods of 30 to 40 years. In each agreement, the developer will construct and manage the properties to provide housing services to students.

## **8. OTHER POSTEMPLOYMENT BENEFITS**

Former System employees who are receiving retirement benefits may participate in the State health care insurance plans. These plans, which provide insurance coverage for medical, dental and hospital costs, are funded currently by the payment of premiums to the carriers and, under State policy, are jointly contributory. Depending on the health care insurance plan selected, retired employees contribute up to \$55 monthly towards the cost of premiums. System costs for premiums paid to the State health care insurance plans for the approximately 3,200 retired employees receiving these benefits amounted to \$25,577,243 and \$23,533,805 for the years ended June 30, 2004 and 2003, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2004 AND 2003

9. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2004 and 2003 were as follows:

	July 1, 2002		June 30, 2003			June 30, 2004		Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year
Accrued vacation	\$113,693,109	\$59,169,152	\$55,223,652	\$117,638,609	\$63,425,245	\$61,107,842	\$119,956,012	\$43,172,081
Accrued workers compensation	22,521,000	4,092,483	3,685,483	22,928,000	6,620,144	3,734,144	25,814,000	4,001,170
Revenue bonds and notes payable, net	791,296,050	145,404,322	86,774,528	849,925,844	397,706,200	254,612,205	993,019,839	50,321,584
Obligations under capital lease agreements	5,369,163		152,821	5,216,342		163,287	5,053,055	174,476
Total long-term liabilities	\$932,879,322	\$208,665,957	\$145,836,484	\$995,708,795	\$467,751,589	\$319,617,478	\$1,143,842,906	\$97,669,311

10. OPERATING EXPENSES BY OBJECT

The System reports Operating Expenses in the Statement of Revenues, Expenses and Changes in Net Assets by program category. Operating expenses for the years ended June 30, 2004 and 2003 by grouping of object classification are:

	2004				2003			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$682,855,607	\$100,096,700	\$20,885,315	\$803,837,622	\$677,336,389	\$108,093,751	\$21,620,878	\$807,051,018
Research	368,092,175	172,917,917	20,597,767	561,607,859	352,301,492	185,523,551	18,284,038	556,109,081
Public service	83,607,360	56,324,394	1,273,809	141,205,563	94,394,851	61,689,464	1,568,016	157,652,331
Academic support	155,092,093	52,851,887	21,820,569	229,764,549	162,214,510	50,446,459	19,976,141	232,637,110
Student services	69,291,296	31,313,530	1,982,587	102,587,413	71,726,659	28,308,657	2,386,627	102,421,943
Institutional support	209,129,738	52,189,322	9,704,383	271,023,443	206,764,008	39,318,668	12,590,017	258,672,693
Operation and maintenance of plant	80,768,504	87,212,234	27,548,609	195,529,348	84,388,038	74,137,414	21,546,603	180,072,055
Scholarships and fellowships	6,189,315	37,639,455	316,226	44,144,996	4,988,645	42,407,602	324,839	47,721,086
Auxiliary enterprises:								
Residence facilities	29,910,914	42,024,072	4,085,803	76,020,789	27,728,071	35,024,932	10,215,605	72,968,608
Dining facilities	23,730,387	28,022,255	9,968,705	61,721,346	21,367,501	27,557,818	7,304,947	56,230,266
Parking facilities	7,712,265	9,970,346	3,362,081	21,044,692	4,634,282	12,334,534	2,328,704	19,297,520
Intercollegiate athletics	25,340,486	28,432,180	4,443,710	58,216,376	34,686,831	34,660,063	2,517,569	71,864,463
Bookstores	3,985,260	25,843,865	307,944	30,137,069	4,177,678	25,744,923	182,813	30,105,414
Other auxiliary enterprises	23,579,557	17,310,412	15,783,210	56,673,179	22,177,890	32,366,587	7,831,523	62,376,000
Hospital	54,435,018	1,769,126	4,714	56,208,858	44,185,587	1,832,666	4,104	46,022,357
Total	\$1,823,719,975	\$743,917,695	\$142,085,432	\$2,709,723,102	\$1,813,072,432	\$759,447,089	\$128,682,424	\$2,701,201,945

## **11. RETIREMENT AND PENSION PLANS**

Most System employees participate in the State's Retirement and Pension Systems (the State Systems), which is an agent, multiple-employer public employee retirement system. While the State Systems is an agent, multiple-employer public employee retirement system, the University System of Maryland accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the University System of Maryland, and the only obligation to the plan is its required annual contributions. The State Systems prepare a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension Systems at 120 East Baltimore Street, Baltimore, Maryland 21202.

Certain employees participate in an optional program with the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF).

### **State Systems**

#### ***Plan Description***

The State Systems are defined benefit plans with unfunded accrued actuarial liabilities. The State Systems, which are administered in accordance with Article 73B of the Annotated Code of Maryland, are managed by a Board of Trustees, and are included in the State of Maryland financial reporting entity. Article 73B is the authority under which benefit provisions and contributions are established and amended.

Participants in the State Systems may receive retirement benefits after satisfying age and length of service requirements. Retirement benefits under each of the State Systems plans are based on the length of service and the average of the highest three consecutive years' compensation. Retirement benefits are paid on a monthly basis.

All four State Systems plans provide retirement, death and disability benefits in accordance with State statutes.

#### ***Funding Policy***

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

Both the System and covered employees are required by State statute to contribute to the State Systems. The contribution from the employees is 5% for participants in the State Systems retirement plans (with a 5% limit on the annual cost of living allowance and 7% for those who elect a limit on the cost of living allowance commensurate with the Consumer Price Index); and 2% for participants in the State Systems pension plans. Contributions are deducted from participant's salary and wage payments and are remitted to the State Systems on a regular, periodic basis.

The System made its required contributions during the years ended June 30, 2004, 2003, and 2002 of \$26,867,274, \$27,492,297, and \$19,968,345, respectively.

## **TIAA-CREF**

Some employees participate in the optional TIAA-CREF programs, which are defined contribution money purchase plans funded currently each year. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. Qualified employees are eligible to participate from the date of employment. State legislation provides that the System contribute 7.25% of covered employees' total salaries each month and that the employee may elect to contribute 5% of total annual salary or 5% of total annual salary in excess of the Social Security wage base. The System's contribution along with that of the employee is immediately and fully vested. The contributions for the year ended June 30, 2004 were \$90,741,621, which consisted of \$46,170,661 from the System and \$44,570,960 from employees. The contributions for the year ended June 30, 2003 were \$81,595,979, which consisted of \$48,307,493 from the System and \$33,288,486 from employees.

## **Major component units**

The University of Maryland Foundation, Inc. maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The University of Maryland Foundation, Inc. contributes 7.25% of the employee's compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the years ended June 30, 2004 and 2003 was approximately \$95,900 and \$157,800, respectively.

## **12. CONSTRUCTION COMMITMENTS**

The estimated costs to complete construction in progress at June 30, 2004 is \$259,735,000, of which \$78,361,000 is to be funded from Revenue Bond proceeds, \$125,557,000 is to be derived from State appropriations and grants, and \$55,817,000 which will be provided from System funds.

## **13. CONTINGENT LIABILITIES**

The University of Maryland College Park has entered into future purchase commitments for natural gas, as a means of hedging its risk against fluctuations in price of an important fuel commodity. At June 30, 2004, the institution had entered into open contracts for the purchase of \$4,930,702 of natural gas, to be delivered monthly through May 2006.

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.

## **14. 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 of Maryland, 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, 2004 and 2003. Settlement amounts have not exceeded insurance coverage levels for the years ending June 30, 2004, 2003, or 2002.

As of June 30, 2004 and 2003, the System has recorded \$25,814,000 and \$22,928,000 in liabilities associated with workers' compensation, respectively.

**UNIVERSITY OF MARYLAND, BALTIMORE**  
**BALANCE SHEET**  
**JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$119,169,431	\$594,032	\$132,516,529	\$540,971
Investments		3,672,071		2,825,355
Accounts receivable, net	40,111,543	10,741,393	18,939,194	9,422,929
Notes receivable, current portion	1,873,861		652,072	
Prepaid expenses, deferred charges and other assets		116,009		95,682
Inter-institutional balances	(96,634)		(89,237)	
<b>Total current assets</b>	<b>161,058,201</b>	<b>15,123,505</b>	<b>152,018,558</b>	<b>12,884,937</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	3,264,035		2,951,928	
Endowment investments	73,902,334	94,361,505	63,483,048	86,145,046
Other investments	186,370		186,370	
Notes receivable, net	23,896,547	8,722,014	24,199,055	9,872,247
Other assets		2,648,071		2,467,945
Capital assets, net	532,266,844	20,566	469,454,319	82,309
<b>Total noncurrent assets</b>	<b>633,516,130</b>	<b>105,752,156</b>	<b>560,274,720</b>	<b>98,567,547</b>
<b>Total assets</b>	<b>\$794,574,331</b>	<b>\$120,875,661</b>	<b>\$712,293,278</b>	<b>\$111,452,484</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$37,685,484	\$912,807	\$38,755,937	\$1,733,058
Accrued workers compensation, current portion	938,680		837,155	
Accrued vacation costs, current portion	2,406,385		2,918,324	
Revenue bonds and notes payable, current portion	4,801,386		4,349,830	
Deferred revenue	2,992,031	31,760	374,553	46,775
<b>Total current liabilities</b>	<b>48,823,966</b>	<b>944,567</b>	<b>47,235,799</b>	<b>1,779,833</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	5,117,320		4,563,845	
Accrued vacation costs	36,630,285		36,248,305	
Other payables		1,474,995		1,360,968
Revenue bonds and notes payable, net	85,768,243		73,662,550	
<b>Total noncurrent liabilities</b>	<b>127,515,848</b>	<b>1,474,995</b>	<b>114,474,700</b>	<b>1,360,968</b>
<b>Total liabilities</b>	<b>176,339,814</b>	<b>2,419,562</b>	<b>161,710,499</b>	<b>3,140,801</b>
<b>NET ASSETS</b>				
Unrestricted	79,884,223	21,693,654	65,637,490	20,554,717
Invested in capital assets, net	441,697,215		391,441,939	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,165,292	14,963,758	4,298,761	12,865,023
Research	144,440	478,760	612,365	447,447
Other	10,442,023	37,263,339	6,630,283	33,351,267
Expendable:				
Scholarships and fellowships	20,488,874	3,050,031	16,925,845	2,282,518
Research	18,225,837	13,665,004	22,633,771	11,618,430
Loans	25,351,521		28,894,206	
Capital projects	173,233		198,697	
Other	16,661,859	27,341,553	13,309,422	27,192,281
<b>Total net assets</b>	<b>618,234,517</b>	<b>118,456,099</b>	<b>550,582,779</b>	<b>108,311,683</b>
<b>Total liabilities and net assets</b>	<b>\$794,574,331</b>	<b>\$120,875,661</b>	<b>\$712,293,278</b>	<b>\$111,452,484</b>

**UNIVERSITY OF MARYLAND, BALTIMORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$59,486,987		\$54,093,283	
Less: scholarship allowances	(13,409,349)	\$46,077,638	(13,640,891)	\$40,452,392
Federal grants and contracts		152,191,219		136,696,047
State and local grants and contracts		36,359,193		35,172,514
Nongovernmental grants and contracts		110,570,350		109,570,749
Sales and services of educational departments		78,896,222		74,423,310
Auxiliary enterprises:				
Residential facilities		867,376		1,268,345
Bookstore		283,982		285,049
Parking facilities		10,959,344		10,243,609
Other auxiliary enterprises revenues		5,916,849		5,575,270
<b>Total operating revenues</b>		<b>442,122,173</b>		<b>413,687,285</b>
<b>OPERATING EXPENSES:</b>				
Instruction		170,811,208		168,685,403
Research		159,249,414		145,448,893
Public service		36,678,905		44,884,069
Academic support		33,262,517		30,859,219
Student services		2,712,034		2,936,743
Institutional support		43,006,733		42,057,621
Operation and maintenance of plant		45,015,624		44,606,114
Scholarships and fellowships		914,365		215,970
Auxiliary enterprises:				
Residential facilities		932,259		1,227,848
Parking facilities		11,015,780		11,130,338
Bookstore		35,553		
Other auxiliary enterprises expenses		3,898,045		4,748,090
Hospital		56,208,858		46,022,357
<b>Total operating expenses</b>		<b>563,741,295</b>		<b>542,822,665</b>
<b>Operating income (loss)</b>		<b>(121,619,122)</b>		<b>(129,135,380)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		132,174,751		137,139,954
Gifts		2,146,386	\$24,301,848	3,358,637
Investment income	13,529,406		9,187,001	5,188,207
Less: Investment expense	(358,573)	13,170,833	(224,857)	3,463,965
Interest on indebtedness		(3,678,754)		(2,716,336)
Other nonoperating revenues (expenses)				(198,697)
Other affiliated foundation revenue			772,807	1,016,511
Other affiliated foundation expense			(24,117,240)	(24,763,132)
Transfers (to) from other University System of Maryland institutions		(2,003,270)		(995,850)
<b>Total nonoperating revenues (expenses)</b>		<b>141,809,946</b>	<b>10,144,416</b>	<b>140,051,673</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>20,190,824</b>	<b>10,144,416</b>	<b>10,916,293</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		42,976,719		45,522,216
Capital gifts and grants		112,106		71,171
Additions to permanent endowments		4,114,857		318,697
Other gains and losses		257,232		534,332
<b>Total other revenues, expenses, gains and losses</b>		<b>47,460,914</b>		<b>46,446,416</b>
<b>Increase (decrease) in net assets</b>		<b>67,651,738</b>	<b>10,144,416</b>	<b>57,362,709</b>
<b>Net assets - beginning of year</b>		<b>550,582,779</b>	<b>108,311,683</b>	<b>507,666,139</b>
<b>Cumulative effect of prior period adjustment</b>				<b>(14,446,069)</b>
<b>Net assets - end of year</b>		<b>\$618,234,517</b>	<b>\$118,456,099</b>	<b>\$550,582,779</b>
				<b>\$108,311,683</b>

**UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$51,078,924	\$38,350,003
Research contracts and grants	276,941,210	295,824,229
Payments to employees	(392,310,230)	(365,028,122)
Payments to suppliers and contractors	(146,537,370)	(148,576,494)
Loans issued to students	(6,009,602)	(5,963,479)
Collections of loans to students	5,090,321	5,439,100
Auxiliary enterprises:		
Residential facilities	867,376	1,527,926
Bookstore	283,982	285,049
Parking facilities	10,959,344	10,406,187
Other	4,515,538	8,222,645
Other receipts (payments)	<u>78,919,743</u>	<u>74,423,310</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>(116,200,764)</u></b>	<b><u>(85,089,646)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	132,174,751	137,139,954
Nonoperating gifts	2,146,386	3,358,637
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	4,114,857	318,697
Other nonoperating gains and losses	<u>257,232</u>	<u>1,015,926</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<b><u>138,693,226</u></b>	<b><u>141,833,214</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	24,358,065	29,849,864
Capital appropriations	42,976,719	45,522,216
Capital grants and gifts received	112,106	71,171
Purchases of capital assets	(87,934,136)	(94,703,766)
Principal paid on debt and capital leases	(13,144,523)	(11,736,765)
Interest paid on debt and capital leases	(4,015,275)	(2,306,986)
Transfers (to) from other University System of Maryland institutions	<u>(633,141)</u>	<u>(1,551,101)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<b><u>(38,280,185)</u></b>	<b><u>(34,855,367)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	69,581,855	89,038,684
Interest on investments	3,105,104	185,416
Investment expense	(358,573)	(224,857)
Purchases of investments	<u>(69,575,654)</u>	<u>(83,648,697)</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>2,752,732</u></b>	<b><u>5,350,546</u></b>
<b>Net increase (decrease) in cash</b>	<b>(13,034,991)</b>	<b>27,238,747</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b><u>135,468,457</u></b>	<b><u>108,229,710</u></b>
<b>Cash and cash equivalents - end of the year</b>	<b><u>\$122,433,466</u></b>	<b><u>\$135,468,457</u></b>

**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**BALANCE SHEET**  
**JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$233,849,080	\$14,730,876	\$189,154,109	\$8,473,124
Investments		3,144,186		2,830,106
Accounts receivable, net	46,951,871	26,198,504	47,839,902	25,558,600
Notes receivable, current portion	4,786,100		4,736,251	
Inventories	1,830,668		1,982,316	
Prepaid expenses, deferred charges and other assets	1,066,242	496,634	634,730	219,619
Inter-institutional balances	3,440,066		569,973	
<b>Total current assets</b>	<b>291,924,027</b>	<b>44,570,200</b>	<b>244,917,281</b>	<b>37,081,449</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	5,771,802		6,138,468	
Endowment investments	98,129,298	252,666,294	89,414,163	225,936,984
Other investments	17,116,638		17,209,638	
Notes receivable, net	6,279,142	25,680,043	6,550,582	33,312,216
Other assets		1,219,239		2,094,510
Capital assets, net	1,104,593,981	1,447,707	1,051,086,374	1,484,551
<b>Total noncurrent assets</b>	<b>1,231,890,861</b>	<b>281,013,283</b>	<b>1,170,399,225</b>	<b>262,828,261</b>
<b>Total assets</b>	<b>\$1,523,814,888</b>	<b>\$325,583,483</b>	<b>\$1,415,316,506</b>	<b>\$299,909,710</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$60,604,946	\$7,536,913	\$73,540,073	\$11,212,896
Accrued workers compensation, current portion	1,499,625		1,320,600	
Accrued vacation costs, current portion	18,901,935		19,096,796	
Revenue bonds and notes payable, current portion	20,804,591		23,493,257	
Deferred revenue	31,171,123	3,280,869	27,880,858	3,456,005
<b>Total current liabilities</b>	<b>132,982,220</b>	<b>10,817,782</b>	<b>145,331,584</b>	<b>14,668,901</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	8,175,375		7,199,400	
Accrued vacation costs	21,512,376		20,719,854	
Other payables		1,994,138		1,589,622
Revenue bonds and notes payable, net	377,819,283		351,979,436	
<b>Noncurrent liabilities</b>	<b>407,507,034</b>	<b>1,994,138</b>	<b>379,898,690</b>	<b>1,589,622</b>
<b>Total liabilities</b>	<b>540,489,254</b>	<b>12,811,920</b>	<b>525,230,274</b>	<b>16,258,523</b>
<b>NET ASSETS</b>				
Unrestricted	166,334,735	36,821,078	108,778,836	36,819,390
Invested in capital assets, net	705,970,107		675,613,681	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	4,011,487	68,005,052	3,123,447	57,400,875
Research	3,498,043	935,967	3,498,043	1,289,759
Other	3,498,088	116,114,462	4,010,588	117,384,497
Expendable:				
Scholarships and fellowships	14,455,910	29,017,348	11,697,992	19,408,512
Research	62,527,430	6,361,330	59,622,919	7,878,608
Loans	11,443,429		11,010,541	
Capital projects	1,764,747		2,268,680	
Other	9,821,658	55,516,326	10,461,505	43,469,546
<b>Total net assets</b>	<b>983,325,634</b>	<b>312,771,563</b>	<b>890,086,232</b>	<b>283,651,187</b>
<b>Total liabilities and net assets</b>	<b>\$1,523,814,888</b>	<b>\$325,583,483</b>	<b>\$1,415,316,506</b>	<b>\$299,909,710</b>

**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$290,772,796		\$244,190,693	
Less: scholarship allowances	(48,102,263)	\$242,670,533	(32,875,063)	\$211,315,630
Federal grants and contracts		223,464,263		208,217,930
State and local grants and contracts		33,616,278		42,885,905
Nongovernmental grants and contracts		46,045,417		50,606,139
Sales and services of educational departments		25,242,592		20,503,927
Auxiliary enterprises:				
Residential facilities	37,538,605		33,194,714	
Less: scholarship allowances	(3,421,939)	34,116,666	(3,612,725)	29,581,989
Dining facilities	33,185,221		28,288,002	
Less: scholarship allowances	(1,678,635)	31,506,586	(3,077,507)	25,210,495
Intercollegiate athletics		35,614,867		35,046,955
Parking facilities		10,956,428		9,257,624
Other auxiliary enterprises revenues		30,279,526		34,932,791
Other operating revenues		17,906,512		26,448,536
<b>Total operating revenues</b>		<b>731,419,668</b>		<b>694,007,921</b>
<b>OPERATING EXPENSES:</b>				
Instruction		288,625,815		296,701,442
Research		250,338,402		262,141,921
Public service		56,680,117		56,387,946
Academic support		92,680,942		100,239,714
Student services		29,521,217		30,836,537
Institutional support		67,943,218		53,886,354
Operation and maintenance of plant		65,634,011		53,254,503
Scholarships and fellowships		20,693,584		26,478,472
Auxiliary enterprises:				
Residential facilities		35,265,572		31,378,364
Dining facilities		26,776,765		22,408,309
Parking facilities		6,504,755		6,384,990
intercollegiate athletics		34,891,361		50,160,068
Other auxiliary enterprises expenses		29,075,462		28,069,869
<b>Total operating expenses</b>		<b>1,004,631,221</b>		<b>1,018,328,489</b>
<b>Operating income (loss)</b>		<b>(273,211,553)</b>		<b>(324,320,568)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		306,130,519		318,959,484
Gifts		12,705,779	\$63,711,291	\$59,662,506
Investment income	21,905,489		28,163,869	20,901,341
Less: Investment expense	(468,834)	21,436,655	10,185,669	12,685,477
Interest on indebtedness		(16,674,828)	(315,321)	9,870,348
Other nonoperating revenues (expenses)				(14,054,969)
Other affiliated foundation revenue				4,815,533
Other affiliated foundation expense			6,842,372	8,388,106
Transfers (to) from other University System of Maryland institutions		(724,450)	(69,597,156)	(64,080,316)
<b>Total nonoperating revenues (expenses)</b>		<b>322,873,675</b>	29,120,376	346,863,866
<b>Income before other revenues, expenses, gains and losses</b>		<b>49,662,122</b>	<b>29,120,376</b>	<b>22,543,298</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		31,263,389		30,317,297
Capital gifts and grants		12,092,875		6,493,781
Additions to permanent endowments		284,624		321,147
Other gains and losses		(63,608)		(1,212,619)
<b>Total other revenues, expenses, gains and losses</b>		<b>43,577,280</b>		<b>35,919,606</b>
<b>Increase (decrease) in net assets</b>		<b>93,239,402</b>	<b>29,120,376</b>	<b>58,462,904</b>
<b>Net assets - beginning of year</b>		<b>890,086,232</b>	<b>283,651,187</b>	<b>831,623,328</b>
<b>Net assets - end of year</b>		<b>\$983,325,634</b>	<b>\$312,771,563</b>	<b>\$890,086,232</b>

**UNIVERSITY OF MARYLAND, COLLEGE PARK  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$239,421,756	\$214,676,228
Research contracts and grants	301,804,032	308,207,272
Payments to employees	(699,977,473)	(710,517,331)
Payments to suppliers and contractors	(251,727,259)	(241,871,117)
Loans issued to students	(2,383,318)	(2,979,028)
Collections of loans to students	2,604,909	2,600,440
Auxiliary enterprises:		
Residential facilities	34,106,924	28,182,562
Dining facilities	31,506,586	24,007,368
Intercollegiate athletics	38,314,867	35,046,955
Parking facilities	10,956,428	9,257,624
Other	30,279,526	34,932,791
Other receipts (payments)	<u>40,243,049</u>	<u>29,918,113</u>
<b>Net cash provided (used) by operating activities</b>	<u>(224,849,973)</u>	<u>(268,538,123)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	306,130,519	318,959,484
Nonoperating gifts	12,705,779	5,749,341
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	284,624	321,147
Other nonoperating gains and losses	<u>(63,608)</u>	<u>3,636,930</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>319,057,314</u>	<u>328,666,902</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	111,392,967	51,909,600
Capital appropriations	31,263,389	30,317,297
Capital grants and gifts received	12,092,875	20,707,741
Proceeds from sales of capital assets	6,400,442	
Purchases of capital assets	(113,429,531)	(151,159,939)
Principal paid on debt and capital leases	(88,615,019)	(41,062,977)
Interest paid on debt and capital leases	(18,301,814)	(14,022,190)
Transfers (to) from other University System of Maryland institutions	<u>(3,517,641)</u>	<u>945,546</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(62,714,332)</u>	<u>(102,364,922)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	(96,862,878)	125,783,652
Interest on investments	17,965,644	7,876,348
Investment expense	(167,781)	(315,321)
Purchases of investments	<u>91,900,311</u>	<u>(134,513,636)</u>
<b>Net cash provided (used) by investing activities</b>	<u>12,835,296</u>	<u>(1,168,957)</u>
<b>Net increase (decrease) in cash</b>	<u>44,328,305</u>	<u>(43,405,100)</u>
<b>Cash and cash equivalents - beginning of the year</b>	<u>195,292,577</u>	<u>238,697,677</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$239,620,882</u>	<u>\$195,292,577</u>

**BOWIE STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$2,272,488	\$659,416	\$3,132,010	\$465,342
Investments		2,776,168		2,454,084
Accounts receivable, net	4,630,112	531,364	5,387,509	657,607
Notes receivable, current portion	224,670		690,153	
Prepaid expenses, deferred charges and other assets		2,867		
Inter-institutional balances	(869,221)		(2,398,790)	
<b>Total current assets</b>	<b>6,258,049</b>	<b>3,969,815</b>	<b>6,810,882</b>	<b>3,577,033</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	849,680		459,327	
Notes receivable, net	576,264			
Capital assets, net	73,205,470	1,885	75,127,594	2,956
<b>Total noncurrent assets</b>	<b>74,631,414</b>	<b>1,885</b>	<b>75,586,921</b>	<b>2,956</b>
<b>Total assets</b>	<b>\$80,889,463</b>	<b>\$3,971,700</b>	<b>\$82,397,803</b>	<b>\$3,579,989</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$3,833,729	\$90,516	\$6,278,259	\$79,408
Accrued workers compensation, current portion	68,045		62,620	
Accrued vacation costs, current portion	803,512		657,946	
Revenue bonds and notes payable, current portion	1,056,170		1,013,577	
Deferred revenue	413,183	45,964	372,679	
<b>Total current liabilities</b>	<b>6,174,639</b>	<b>136,480</b>	<b>8,385,081</b>	<b>79,408</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	370,955		341,380	
Accrued vacation costs	1,205,269		986,918	
Revenue bonds and notes payable, net	16,759,490		14,615,058	
<b>Total noncurrent liabilities</b>	<b>18,335,714</b>		<b>15,943,356</b>	
<b>Total liabilities</b>	<b>24,510,353</b>	<b>136,480</b>	<b>24,328,437</b>	<b>79,408</b>
<b>NET ASSETS</b>				
Unrestricted	(752,529)	206,872	(2,597,714)	322,606
Invested in capital assets, net	55,389,810		59,498,959	
Restricted:				
Nonexpendable:				
Other		3,130,495		2,784,082
Expendable:				
Loans	892,149		708,794	
Capital projects	849,680		459,327	
Other		497,853		393,893
<b>Total net assets</b>	<b>56,379,110</b>	<b>3,835,220</b>	<b>58,069,366</b>	<b>3,500,581</b>
<b>Total liabilities and net assets</b>	<b>\$80,889,463</b>	<b>\$3,971,700</b>	<b>\$82,397,803</b>	<b>\$3,579,989</b>

**BOWIE STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$25,136,303		\$21,884,323	
Less: scholarship allowances	(5,859,902)	\$19,276,401	(4,357,346)	\$17,526,977
Federal grants and contracts		10,213,775		12,853,589
State and local grants and contracts		3,243,409		2,481,435
Nongovernmental grants and contracts		142,334		948,223
Sales and services of educational departments		146,302		
Auxiliary enterprises:				
Residential facilities	3,600,461		3,036,082	
Less: scholarship allowances	(1,028,192)	2,572,269	(502,150)	2,533,932
Dining facilities	2,038,761		1,846,454	
Less: scholarship allowances		2,038,761	(307,770)	1,538,684
Intercollegiate athletics		1,941,152		1,043,640
Parking facilities		288,736		209,830
Other auxiliary enterprises revenues		2,595,002		1,785,618
<b>Total operating revenues</b>		<b>42,458,141</b>		<b>40,921,928</b>
<b>OPERATING EXPENSES:</b>				
Instruction		22,782,454		20,215,180
Research		1,998,223		3,633,409
Public service		563,029		1,088,591
Academic support		6,724,149		7,695,073
Student services		3,658,813		3,863,827
Institutional support		12,526,319		12,299,431
Operation and maintenance of plant		7,653,457		5,998,919
Scholarships and fellowships		392,252		1,078,285
Auxiliary enterprises:				
Residential facilities		3,842,795		2,117,534
Dining facilities		1,888,907		1,991,230
Intercollegiate athletics		2,140,189		1,584,772
Other auxiliary enterprises expenses		1,163,129		1,625,541
<b>Total operating expenses</b>		<b>65,333,716</b>		<b>63,191,792</b>
<b>Operating income (loss)</b>		<b>(22,875,575)</b>		<b>(22,269,864)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		20,712,299		21,183,759
Gifts			\$890,509	\$857,817
Investment income		4,260	335,051	5,059
Interest on indebtedness		(497,470)		(551,867)
Other affiliated foundation revenue				3,189
Other affiliated foundation expense				(809,868)
Transfers (to) from other University System of Maryland institutions		(1,118,761)		(1,137,825)
<b>Total nonoperating revenues (expenses)</b>		<b>19,100,328</b>	<b>334,639</b>	<b>19,499,126</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>(3,775,247)</b>	<b>334,639</b>	<b>(2,770,738)</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		1,825,664		6,817,558
Other gains and losses		259,327		59,512
<b>Total other revenues, expenses, gains and losses</b>		<b>2,084,991</b>		<b>6,877,070</b>
<b>Increase (decrease) in net assets</b>		<b>(1,690,256)</b>	<b>334,639</b>	<b>4,106,332</b>
<b>Net assets - beginning of year</b>		<b>58,069,366</b>	<b>3,500,581</b>	<b>53,963,034</b>
<b>Net assets - end of year</b>		<b>\$56,379,110</b>	<b>\$3,835,220</b>	<b>\$58,069,366</b>

**BOWIE STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$19,259,746	\$18,321,959
Research contracts and grants	15,261,870	15,545,791
Payments to employees	(38,855,466)	(37,708,141)
Payments to suppliers and contractors	(22,281,487)	(20,965,307)
Loans issued to students	(360,636)	(206,430)
Collections of loans to students	249,855	265,556
Auxiliary enterprises:		
Residential facilities	2,123,390	2,572,386
Dining facilities	2,038,761	1,576,623
Intercollegiate athletics	1,941,152	1,584,772
Bookstores	288,736	
Parking facilities		209,830
Other	2,595,002	1,512,131
Other receipts (payments)	<u>637,015</u>	<u>280,335</u>
<b>Net cash provided (used) by operating activities</b>	<u>(17,102,062)</u>	<u>(17,010,495)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	20,712,299	21,183,759
Other nonoperating gains and losses	<u>259,327</u>	
<b>Net cash provided (used) by noncapital financing activities</b>	<u>20,971,626</u>	<u>21,183,759</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	2,772,051	1,011,255
Capital appropriations	1,825,664	6,817,558
Purchases of capital assets	(5,214,881)	(10,644,030)
Principal paid on debt and capital leases	(2,964,155)	(1,731,083)
Interest paid on debt and capital leases	(493,289)	(554,675)
Transfers (to) from other University System of Maryland institutions	<u>(268,383)</u>	<u>2,353,744</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(4,342,993)</u>	<u>(2,747,231)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>4,260</u>	<u>5,059</u>
<b>Net cash provided (used) by investing activities</b>	<u>4,260</u>	<u>5,059</u>
<b>Net increase (decrease) in cash</b>	(469,169)	1,431,092
<b>Cash and cash equivalents - beginning of the year</b>	<u>3,591,337</u>	<u>2,160,245</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$3,122,168</u></u>	<u><u>\$3,591,337</u></u>

**TOWSON UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$45,417,260	\$821,903	\$40,622,336	\$839,752
Investments		15,528,062		12,868,118
Accounts receivable, net	11,636,078	1,769,906	11,420,786	1,700,527
Notes receivable, current portion	3,671,423		3,305,193	
Inventories	2,317,859		2,400,733	
Prepaid expenses	1,114,175		694,845	
Inter-institutional balances	(717,716)		(1,203,359)	
<b>Total current assets</b>	<b>63,439,079</b>	<b>18,119,871</b>	<b>57,240,534</b>	<b>15,408,397</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	191,767		722,078	
Endowment investments	4,228,427		3,726,630	
Notes receivable, net	10,688,751		9,818,521	
Capital assets, net	221,675,461	1,819,419	218,898,416	1,659,090
<b>Total noncurrent assets</b>	<b>236,784,406</b>	<b>1,819,419</b>	<b>233,165,645</b>	<b>1,659,090</b>
<b>Total assets</b>	<b>\$300,223,485</b>	<b>\$19,939,290</b>	<b>\$290,406,179</b>	<b>\$17,067,487</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$14,349,003	\$149,804	\$22,499,691	\$154,973
Accrued workers, compensation, current portion	325,655		271,095	
Accrued vacation costs, current portion	3,254,590		3,692,932	
Revenue bonds and notes payable, current portion	4,782,899		6,712,519	
Deferred revenue	4,218,706		3,579,427	
<b>Total current liabilities</b>	<b>26,930,853</b>	<b>149,804</b>	<b>36,755,664</b>	<b>154,973</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	1,775,345		1,477,905	
Accrued vacation costs	3,383,825		3,293,050	
Revenue bonds and notes payable, net	94,377,891		99,367,532	
<b>Total noncurrent liabilities</b>	<b>99,537,061</b>		<b>104,138,487</b>	
<b>Total liabilities</b>	<b>126,467,914</b>	<b>149,804</b>	<b>140,894,151</b>	<b>154,973</b>
<b>NET ASSETS</b>				
Unrestricted	28,017,893	2,357,015	12,067,267	2,130,773
Invested in capital assets, net	122,514,671		112,818,365	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	233,038	7,166,507	233,038	6,472,701
Research		5,874		5,624
Other	5,000	4,032,252		3,843,569
Expendable:				
Scholarships and fellowships	147,830	1,454,163		598,233
Research	5,347,010	10,530	7,252,093	8,958
Loans	14,813,266		14,516,436	
Capital projects			549,829	
Other	2,676,863	4,763,145	2,075,000	3,852,656
<b>Total net assets</b>	<b>173,755,571</b>	<b>19,789,486</b>	<b>149,512,028</b>	<b>16,912,514</b>
<b>Total liabilities and net assets</b>	<b>\$300,223,485</b>	<b>\$19,939,290</b>	<b>\$290,406,179</b>	<b>\$17,067,487</b>

**TOWSON UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$100,162,858		\$90,118,252	
Less: scholarship allowances	(17,367,327)	\$82,795,531	(16,207,914)	\$73,910,338
Federal grants and contracts		413,423		3,897,670
State and local grants and contracts		1,823,801		5,954,892
Nongovernmental grants and contracts		388,244		581,571
Sales and services of educational departments		3,585,744		3,558,851
Auxiliary enterprises:				
Residential facilities	14,037,665		15,842,041	
Less: scholarship allowances	(738,525)	13,299,140	(759,585)	15,082,456
Dining facilities	11,156,992		11,022,388	
Less: scholarship allowances	(252,492)	10,904,500	(252,200)	10,770,188
Intercollegiate athletics	9,500,420		8,369,747	
Less: scholarship allowances	(1,014,614)	8,485,806	(1,100,922)	7,268,825
Bookstore	10,741,370		10,663,052	
Less: scholarship allowances	(61,009)	10,680,361	(58,159)	10,604,893
Parking facilities		3,433,822		3,116,492
Other auxiliary enterprises revenues		15,502,941		13,261,965
Other operating revenues		50,192		258,597
<b>Total operating revenues</b>	<b>151,363,505</b>		<b>148,266,738</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		61,923,991		62,790,285
Research		3,549,839		5,563,290
Public service		9,598,700		9,590,698
Academic support		21,736,645		22,193,943
Student services		11,828,351		11,597,468
Institutional support		23,741,154		23,531,087
Operation and maintenance of plant		17,738,925		17,394,150
Scholarships and fellowships		3,932,030		3,948,064
Auxiliary enterprises:				
Residential facilities		9,362,360		9,686,415
Dining facilities		10,537,655		9,719,811
Parking facilities		1,763,291		1,109,090
intercollegiate athletics		8,346,714		7,992,664
Bookstore		10,121,799		10,038,719
Other auxiliary enterprises expenses		10,423,661		11,871,109
<b>Total operating expenses</b>		<b>204,605,115</b>		<b>207,026,793</b>
<b>Operating income (loss)</b>		<b>(53,241,610)</b>		<b>(58,760,055)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		57,824,042		59,583,032
Gifts			\$2,799,374	\$2,341,900
Investment income	1,627,090		1,756,334	596,207
Less: Investment expense	(17,300)	1,609,790	(10,185)	1,674,675
Interest on indebtedness		(4,140,982)		(4,462,140)
Other nonoperating revenues (expenses)		12,802,850		13,785,207
Other affiliated foundation revenue			328,867	401,920
Other affiliated foundation expense			(2,007,603)	(2,342,866)
Transfers (to) from other University System of Maryland institutions		(3,968,482)		(4,918,077)
<b>Total nonoperating revenues (expenses)</b>		<b>64,127,218</b>	<b>2,876,972</b>	<b>65,662,697</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>10,885,608</b>	<b>2,876,972</b>	<b>6,902,642</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		12,728,511		16,965,820
Capital gifts and grants		597,401		587,425
Additions to permanent endowments		5,000		2,087,622
Other gains and losses		27,023		(454,990)
<b>Total other revenues, expenses, gains and losses</b>		<b>13,357,935</b>		<b>19,185,877</b>
<b>Increase (decrease) in net assets</b>		<b>24,243,543</b>	<b>2,876,972</b>	<b>26,088,519</b>
<b>Net assets - beginning of year</b>		<b>149,512,028</b>	<b>16,912,514</b>	<b>123,423,509</b>
<b>Net assets - end of year</b>		<b>\$173,755,571</b>	<b>\$19,789,486</b>	<b>\$149,512,028</b>
				<b>\$16,912,514</b>

**TOWSON UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$82,994,075	\$74,165,629
Research contracts and grants	3,431,448	9,138,464
Payments to employees	(134,150,421)	(128,473,119)
Payments to suppliers and contractors	(62,036,955)	(62,889,570)
Loans issued to students	(4,263,707)	(3,105,115)
Collections of loans to students	3,027,247	3,150,243
Auxiliary enterprises:		
Residential facilities	13,251,708	15,024,266
Dining facilities	10,807,879	10,879,641
Intercollegiate athletics	8,485,806	7,268,825
Bookstore	10,680,361	10,604,893
Parking facilities	3,433,822	3,116,492
Other	15,502,941	13,261,965
Other receipts (payments)	(1,062,807)	9,346,444
<b>Net cash provided (used) by operating activities</b>	<u>(49,898,603)</u>	<u>(38,510,942)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	57,824,042	59,583,032
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	5,000	2,087,622
Other nonoperating gains and losses	12,829,873	12,426,722
<b>Net cash provided (used) by noncapital financing activities</b>	<u>70,658,915</u>	<u>74,097,376</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	31,480,788	27,955,303
Capital appropriations	12,728,511	16,965,820
Capital grants and gifts received	554,865	
Purchases of capital assets	(15,135,961)	(56,231,708)
Principal paid on debt and capital leases	(36,015,072)	(6,683,985)
Interest paid on debt and capital leases	(4,304,663)	(4,382,769)
Transfers (to) from other University System of Maryland institutions	(6,921,751)	(6,738,771)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(17,613,283)</u>	<u>(29,116,110)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	3,426,164	1,643,431
Interest on investments	1,039,975	1,316,024
Investment expense	(17,300)	(10,185)
Purchases of investments	(3,331,255)	(3,800,978)
<b>Net cash provided (used) by investing activities</b>	<u>1,117,584</u>	<u>(851,708)</u>
<b>Net increase (decrease) in cash</b>	4,264,613	5,618,616
<b>Cash and cash equivalents - beginning of the year</b>	<u>41,344,414</u>	<u>35,725,798</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$45,609,027</u>	<u>\$41,344,414</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$1,894,747		\$8,228,367	
Accounts receivable, net	14,286,420	\$725,000	4,904,265	\$2,833,000
Notes receivable, current portion	62,987		4,460,943	
Prepaid expense, deferred charges and other assets		12,000		1,000
Inter-institutional balances	(577,733)		(921,385)	
<b>Total current assets</b>	<b>15,666,421</b>	<b>737,000</b>	<b>16,672,190</b>	<b>2,834,000</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	148,847		75,076	
Endowment investments	422,470	11,435,000	383,202	8,314,000
Notes receivable, net	4,973,173	40,000	760,133	177,000
Capital assets, net	176,714,776	278,000	144,010,814	283,000
<b>Total noncurrent assets</b>	<b>182,259,266</b>	<b>11,753,000</b>	<b>145,229,225</b>	<b>8,774,000</b>
<b>Total assets</b>	<b>\$197,925,687</b>	<b>\$12,490,000</b>	<b>\$161,901,415</b>	<b>\$11,608,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$3,034,973	\$52,000	\$2,659,118	\$65,000
Accrued workers compensation, current portion	169,415		105,865	
Accrued vacation costs, current portion	2,599,151		2,396,075	
Revenue bonds and notes payable, current portion	3,461,550		3,119,077	
Deferred revenue	244,451		318,558	
<b>Total current liabilities</b>	<b>9,509,540</b>	<b>52,000</b>	<b>8,598,693</b>	<b>65,000</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	923,585		577,135	
Accrued vacation costs	288,794		326,737	
Revenue bonds and notes payable, net	60,314,704		58,427,493	
<b>Total noncurrent liabilities</b>	<b>61,527,083</b>		<b>59,331,365</b>	
<b>Total liabilities</b>	<b>71,036,623</b>	<b>52,000</b>	<b>67,930,058</b>	<b>65,000</b>
<b>NET ASSETS</b>				
Unrestricted	6,671,302	692,000	4,761,339	728,000
Invested in capital assets, net	112,938,522		82,464,244	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	20,006	5,280,000	28,009	4,917,000
Research		73,000		87,000
Other	5,000	5,834,000		5,660,000
Expendable:				
Scholarships and fellowships	151,803	108,000	146,854	19,000
Research	6,287,726	78,000	1,789,903	33,000
Loans	683,109		4,722,572	
Capital projects	131,596		58,436	
Other		373,000		99,000
<b>Total net assets</b>	<b>126,889,064</b>	<b>12,438,000</b>	<b>93,971,357</b>	<b>11,543,000</b>
<b>Total liabilities and net assets</b>	<b>\$197,925,687</b>	<b>\$12,490,000</b>	<b>\$161,901,415</b>	<b>\$11,608,000</b>

**UNIVERSITY OF MARYLAND EASTERN SHORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$16,134,928		\$11,325,146	
Less: scholarship allowances	(2,561,827)	\$13,573,101	(5,596,503)	\$5,728,643
Federal grants and contracts		16,219,230		15,793,411
State and local grants and contracts		7,640,306		6,602,060
Nongovernmental grants and contracts		596,457		798,174
Sales and services of educational departments		170,531		175,332
Auxiliary enterprises:				
Residential facilities	7,290,696		7,387,993	
Less: scholarship allowances	(333,233)	6,957,463	(939,126)	6,448,867
Dining facilities	4,858,020		4,561,388	
Less: scholarship allowances	(359,548)	4,498,472	(359,548)	4,561,388
Intercollegiate athletics		1,497,155		2,834,619
Bookstore				80,646
Parking facilities		27,292		38,642
Other auxiliary enterprises revenues		3,824,363		501,616
Other operating revenues		38,602		38,602
<b>Total operating revenues</b>		55,042,972		43,563,398
<b>OPERATING EXPENSES:</b>				
Instruction		23,404,901		24,509,774
Research		9,881,004		9,267,561
Public service		697,425		1,867,301
Academic support		5,906,203		7,072,890
Student services		2,053,784		2,458,528
Institutional support		7,856,791		14,345,059
Operation and maintenance of plant		6,772,331		6,866,641
Scholarships and fellowships		4,622,316		673,857
Auxiliary enterprises:				
Residential facilities		5,107,439		4,534,920
Dining facilities		2,161,933		3,248,573
Intercollegiate athletics		1,537,732		1,163,172
Other auxiliary enterprises expenses		2,721,219		799,187
<b>Total operating expenses</b>		72,723,078		76,807,463
<b>Operating income (loss)</b>		(17,680,106)		(33,244,065)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		21,432,854		21,957,129
Gifts			\$331,000	\$847,000
Investment income	132,496		1,628,000	383,000
Less: Investment expense	(2,032)	130,464	(1,356)	240,466
Interest on indebtedness		(2,709,884)		(2,714,953)
Other nonoperating revenues (expenses)		146,247		1,790,239
Other affiliated foundation revenue			(26,000)	
Other affiliated foundation expense			(1,038,000)	(818,000)
Transfers (to) from other University System of Maryland institutions		12,772		(174,208)
<b>Total nonoperating (revenues) expenses</b>		19,012,453	895,000	21,098,673
<b>Income before other revenues, expenses, gains and losses</b>		1,332,347	895,000	(12,145,392)
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		31,585,360		13,314,595
Other gains and losses				(6,462)
<b>Total other revenues, expenses, gains and losses</b>		31,585,360		13,308,133
<b>Increase (decrease) in net assets</b>		32,917,707	895,000	1,162,741
<b>Net assets - beginning of year</b>		93,971,357	11,543,000	11,131,000
<b>Cumulative effect of prior period adjustment</b>				(19,879,697)
<b>Net assets - end of year</b>		\$126,889,064	\$12,438,000	\$93,971,357
				\$11,543,000

**UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$8,743,252	\$12,849,058
Research contracts and grants	21,702,756	26,025,442
Payments to employees	(45,931,056)	(43,412,167)
Payments to suppliers and contractors	(21,242,824)	(29,022,300)
Loans issued to students	(46,800)	(41,956)
Collections of loans to students	523,198	518,660
Auxiliary enterprises:		
Residential facilities	5,487,476	12,728,558
Dining facilities		
Intercollegiate athletics		2,834,619
Bookstores	4,498,472	80,646
Parking facilities	27,292	38,642
Other	4,918,252	1,313,493
Other receipts (payments)	<u>209,133</u>	<u>232,026</u>
<b>Net cash provided (used) by operating activities</b>	<u>(21,110,849)</u>	<u>(15,855,279)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	21,432,854	21,957,129
Other nonoperating gains and losses	<u>146,247</u>	<u>1,790,239</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>21,579,101</u>	<u>23,747,368</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	13,217,413	6,494,019
Capital appropriations	31,585,360	13,314,595
Capital grants and gifts received		
Purchases of capital assets	(37,419,178)	(22,821,307)
Principal paid on debt and capital leases	(11,193,844)	(4,777,306)
Interest paid on debt and capital leases	(2,874,296)	(2,905,202)
Transfers (to) from other University System of Maryland institutions	<u>(134,829)</u>	<u>1,577,181</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(6,819,374)</u>	<u>(9,118,020)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	418,069	514,214
Interest on investments	72,972	216,969
Investment expense	(2,032)	(1,356)
Purchases of investments	<u>(397,736)</u>	<u>(504,430)</u>
<b>Net cash provided (used) by investing activities</b>	<u>91,273</u>	<u>225,397</u>
<b>Net increase (decrease) in cash</b>	(6,259,849)	(1,000,534)
<b>Cash and cash equivalents - beginning of the year</b>	<u>8,303,443</u>	<u>9,303,977</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$2,043,594</u>	<u>\$8,303,443</u>

**FROSTBURG STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$9,615,294	\$251,077	\$8,970,370	\$152,250
Investments		7,857,734		6,848,333
Accounts receivable, net	1,614,541	569,492	1,547,014	307,511
Notes receivable, current portion	218,148		245,531	
Inventories	768,177		949,421	
Prepaid expenses, deferred charges and other assets	173,773	1,932,041	57,945	1,932,041
Inter-institutional balances	(515,294)		(2,033,675)	
<b>Total current assets</b>	<b>11,874,639</b>	<b>10,610,344</b>	<b>9,736,606</b>	<b>9,240,135</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	454,530		168,465	
Endowment investments	723,397		654,949	
Notes receivable, net	994,621		1,030,213	
Capital assets, net	70,331,072	633	66,322,042	925
<b>Total noncurrent assets</b>	<b>72,503,620</b>	<b>633</b>	<b>68,175,669</b>	<b>925</b>
<b>Total assets</b>	<b>\$84,378,259</b>	<b>\$10,610,977</b>	<b>\$77,912,275</b>	<b>\$9,241,060</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$4,794,148	\$10,254	\$6,344,115	\$6,556
Accrued workers compensation, current portion	115,630		108,035	
Accrued vacation costs, current portion	2,121,530		2,223,290	
Revenue bonds and notes payable, current portion	1,134,322		1,221,756	
Deferred revenue	1,735,823		1,408,146	
<b>Total current liabilities</b>	<b>9,901,453</b>	<b>10,254</b>	<b>11,305,342</b>	<b>6,556</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	630,370		588,965	
Revenue bonds and notes payable, net	22,492,984		16,937,725	
<b>Total noncurrent liabilities</b>	<b>23,123,354</b>		<b>17,526,690</b>	
<b>Total liabilities</b>	<b>33,024,807</b>	<b>10,254</b>	<b>28,832,032</b>	<b>6,556</b>
<b>NET ASSETS</b>				
Unrestricted	2,975,811	49,340	(509,826)	91,192
Invested in capital assets, net	46,703,766		48,162,561	
Restricted:				
Expendable:				
Research	9,046		18,332	
Loans	1,239,838		1,270,372	
Capital projects	424,991		138,804	
Other		10,551,383		9,143,312
<b>Total net assets</b>	<b>51,353,452</b>	<b>10,600,723</b>	<b>49,080,243</b>	<b>9,234,504</b>
<b>Total liabilities and net assets</b>	<b>\$84,378,259</b>	<b>\$10,610,977</b>	<b>\$77,912,275</b>	<b>\$9,241,060</b>

**FROSTBURG STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$25,728,245		\$21,994,246	
Less: scholarship allowances	(4,721,808)	\$21,006,437	(4,792,616)	\$17,201,630
Federal grants and contracts		4,565,727		4,719,086
State and local grants and contracts		1,257,742		2,062,329
Nongovernmental grants and contracts		114,256		105,724
Sales and services of educational departments		938,740		842,076
Auxiliary enterprises:				
Residential facilities	4,519,229		4,946,646	
Less: scholarship allowances	(52,807)	4,466,422	(102,142)	4,844,504
Dining facilities		5,165,244		5,443,390
Intercollegiate athletics	1,879,256		1,662,560	
Less: scholarship allowances	(68,531)	1,810,725	(112,356)	1,550,204
Bookstore	3,225,553		3,094,909	
Less: scholarship allowances	(1,501)	3,224,052	(4,707)	3,090,202
Other auxiliary enterprises revenues	2,475,021		2,418,904	
Less: scholarship allowances	(68,431)	2,406,590		2,418,904
Other operating revenues		292,597		436,450
<b>Total operating revenues</b>	<b>45,248,532</b>		<b>42,714,499</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		24,343,190		24,027,202
Public service		2,439,353		2,955,094
Academic support		6,075,968		5,979,221
Student services		3,018,062		3,238,677
Institutional support		7,467,625		8,557,575
Operation and maintenance of plant		7,629,333		6,408,824
Scholarships and fellowships		1,226,925		1,038,871
Auxiliary enterprises:				
Residential facilities		4,541,623		6,648,257
Dining facilities		4,955,728		3,699,032
Intercollegiate athletics		1,923,180		1,900,203
Bookstore		2,961,524		3,303,246
Other auxiliary enterprises expenses		2,925,222		1,996,255
<b>Total operating expenses</b>		<b>69,507,733</b>		<b>69,752,457</b>
<b>Operating income (loss)</b>		<b>(24,259,201)</b>		<b>(27,037,958)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		24,408,848		25,394,793
Gifts		98,993		142,353
Investment income	288,671		361,914	\$1,485,239
Less: Investment expense	(3,458)	285,213	(2,417)	232,246
Interest on indebtedness		(639,433)		(720,378)
Other affiliated foundation revenue			488,386	360,634
Other affiliated foundation expense			(1,501,566)	(1,679,088)
Transfers (to) from other University System of Maryland institutions		(250,844)		(349,199)
<b>Total nonoperating revenue (expenses)</b>		<b>23,902,777</b>	<b>1,366,219</b>	<b>24,827,066</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>(356,424)</b>	<b>1,366,219</b>	<b>399,031</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		2,728,289		18,436,684
Capital gifts and grants		20,602		169,651
Other gains and losses		(119,258)		6,175
<b>Total other revenues, expenses, gains and losses</b>		<b>2,629,633</b>		<b>18,612,510</b>
<b>Increase (decrease) in net assets</b>		<b>2,273,209</b>	<b>1,366,219</b>	<b>16,401,618</b>
<b>Net assets - beginning of year</b>		<b>49,080,243</b>	<b>9,234,504</b>	<b>32,678,625</b>
<b>Net assets - end of year</b>		<b>\$51,353,452</b>	<b>\$10,600,723</b>	<b>\$49,080,243</b>

**FROSTBURG STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$20,984,998	\$17,488,777
Research contracts and grants	6,027,707	6,409,230
Payments to employees	(46,520,772)	(46,472,579)
Payments to suppliers and contractors	(20,482,662)	(18,363,555)
Loans issued to students	(276,931)	(268,078)
Collections of loans to students	339,906	295,392
Auxiliary enterprises:		
Residential facilities	4,471,749	4,805,514
Dining facilities	5,074,483	5,418,984
Intercollegiate athletics	1,809,914	1,550,204
Bookstore	3,222,815	3,090,748
Other	2,442,356	2,460,460
Other receipts (payments)	1,125,274	1,090,281
<b>Net cash provided (used) by operating activities</b>	<u>(21,781,163)</u>	<u>(22,494,622)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	24,408,848	25,394,793
Nonoperating gifts	98,993	148,026
Other nonoperating gains and losses	(119,258)	
<b>Net cash provided (used) by noncapital financing activities</b>	<u>24,388,583</u>	<u>25,542,819</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	12,426,095	355,571
Capital appropriations	2,728,289	18,436,684
Capital grants and gifts received	12,667	
Purchases of capital assets	(7,710,809)	(23,496,723)
Principal paid on debt and capital leases	(10,531,876)	(1,259,059)
Interest paid on debt and capital leases	(608,954)	(727,154)
Transfers (to) from other University System of Maryland institutions	1,791,173	3,794,586
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,893,415)</u>	<u>(2,896,095)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	714,646	897,587
Interest on investments	184,610	331,067
Investment expense	(1,227)	(2,417)
Purchases of investments	(681,045)	(899,147)
<b>Net cash provided (used) by investing activities</b>	<u>216,984</u>	<u>327,090</u>
<b>Net increase (decrease) in cash</b>	<u>930,989</u>	<u>479,192</u>
<b>Cash and cash equivalents - beginning of the year</b>	<u>9,138,835</u>	<u>8,659,643</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$10,069,824</u>	<u>\$9,138,835</u>

**COPPIN STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	(\$1,405,627)	\$437,340	\$4,283,918	\$462,007
Accounts receivable, net	8,293,832	160,198	1,756,283	61,827
Notes receivable, current portion	166,128		214,567	
Inventories	78,600		28,095	
Prepaid expenses, deferred charges and other assets	31,038	2,203	2,297	2,477
Inter-institutional balances	(740)		(85,000)	
<b>Total current assets</b>	<b>7,163,231</b>	<b>599,741</b>	<b>6,200,160</b>	<b>526,311</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	196,870		128,780	
Endowment investments	566,174	6,489,898	448,262	4,923,050
Notes receivable, net	973,833		914,731	
Capital assets, net	51,785,097		49,848,461	
<b>Total noncurrent assets</b>	<b>53,521,974</b>	<b>6,489,898</b>	<b>51,340,234</b>	<b>4,923,050</b>
<b>Total assets</b>	<b>\$60,685,205</b>	<b>\$7,089,639</b>	<b>\$57,540,394</b>	<b>\$5,449,361</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$6,278,584	\$67,186	\$4,335,798	\$55,394
Accrued workers compensation, current portion	100,595		93,930	
Accrued vacation costs, current portion	936,135		873,230	
Revenue bonds and notes payable, current portion	1,034,722		969,750	
Deferred revenue	224,702		318,901	
<b>Total current liabilities</b>	<b>8,574,738</b>	<b>67,186</b>	<b>6,591,609</b>	<b>55,394</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	548,405		512,070	
Accrued vacation costs	1,096,660		1,067,281	
Revenue bonds and notes payable, net	23,459,861		23,298,972	
<b>Total noncurrent liabilities</b>	<b>25,104,926</b>		<b>24,878,323</b>	
<b>Total liabilities</b>	<b>33,679,664</b>	<b>67,186</b>	<b>31,469,932</b>	<b>55,394</b>
<b>NET ASSETS</b>				
Unrestricted	(2,597,907)	(21,735)	(1,749,348)	55,741
Invested in capital assets, net	27,290,514		25,579,739	
<b>Restricted:</b>				
<b>Nonexpendable:</b>				
Scholarships and fellowships	307,333		132,333	
Other	215,125	6,595,153	315,125	5,020,317
<b>Expendable:</b>				
Scholarships and fellowships	26,351			
Loans	1,590,374		1,682,855	
Capital projects	173,751		104,857	
Other		449,035	4,901	317,909
<b>Total net assets</b>	<b>27,005,541</b>	<b>7,022,453</b>	<b>26,070,462</b>	<b>5,393,967</b>
<b>Total liabilities and net assets</b>	<b>\$60,685,205</b>	<b>\$7,089,639</b>	<b>\$57,540,394</b>	<b>\$5,449,361</b>

**COPPIN STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$15,404,916		\$11,213,667	
Less: scholarship allowances	(5,256,341)	\$10,148,575	(6,090,680)	\$5,122,987
Federal grants and contracts		8,261,389		10,865,406
State and local grants and contracts		4,798,748		3,866,538
Nongovernmental grants and contracts		200,557		1,395,645
Auxiliary enterprises:				
Residential halls	2,269,136		3,008,307	
Less: scholarship allowances	(459,909)	1,809,227	(533,508)	2,474,799
Intercollegiate athletics	2,234,753		2,457,027	
Less: scholarship allowances	(815,728)	1,419,025	(944,606)	1,512,421
Other auxiliary enterprises revenues		1,094,445		375,785
Other operating revenues		325,855		
<b>Total operating revenues</b>	<b>28,057,821</b>		<b>25,613,581</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		16,065,820		14,255,824
Research		32,652		12,730
Academic support		3,027,458		3,892,400
Student services		3,835,613		4,588,491
Institutional support		14,170,391		14,383,619
Operation and maintenance of plant		3,517,612		4,774,694
Auxiliary enterprises:				
Residential halls		2,377,974		2,981,625
Intercollegiate athletics		2,234,753		1,333,064
Other auxiliary enterprises expenses		1,105,838		358,332
<b>Total operating expenses</b>		<b>46,368,111</b>		<b>46,580,779</b>
<b>Operating income (loss)</b>		<b>(18,310,290)</b>		<b>(20,967,198)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		18,693,564		19,239,571
Gifts			\$1,845,448	\$1,351,459
Investment income	73,112		597,071	237,382
Less: Investment expense	(2,694)	70,418	(1,950)	194,292
Interest on indebtedness		(1,086,891)		(927,345)
Other nonoperating revenues		(120,470)		
Other affiliated foundation revenue			80,369	169,660
Other affiliated foundation expense			(894,402)	(1,303,223)
Transfers (to) from other University System of Maryland institutions		(728,420)		(720,279)
<b>Total nonoperating revenues (expenses)</b>		<b>16,828,201</b>	<b>1,628,486</b>	<b>17,786,239</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>(1,482,089)</b>	<b>1,628,486</b>	<b>455,278</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		2,342,168		7,408,707
Additions to permanent endowments		75,000		125,000
Other gains and losses				(8,594)
<b>Total other revenues, expenses, gains and losses</b>		<b>2,417,168</b>		<b>7,525,113</b>
<b>Increase (decrease) in net assets</b>		<b>935,079</b>	<b>1,628,486</b>	<b>455,278</b>
<b>Net assets - beginning of year</b>		<b>26,070,462</b>	<b>5,393,967</b>	<b>21,726,308</b>
<b>Net assets - end of year</b>		<b>\$27,005,541</b>	<b>\$7,022,453</b>	<b>\$26,070,462</b>

**COPPIN STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$4,579,127	\$4,240,601
Research contracts and grants	11,530,607	17,869,135
Payments to employees	(28,244,358)	(33,640,933)
Payments to suppliers and contractors	(14,466,117)	(10,519,810)
Loans issued to students	(327,793)	(214,462)
Collections of loans to students	306,474	312,983
Auxiliary enterprises:		
Residence halls	2,476,786	2,382,209
Intercollegiate athletics	1,419,025	1,512,421
Other	1,094,445	375,785
Other receipts (payments)	325,394	191
	<u>(21,306,410)</u>	<u>(17,681,880)</u>
<b>Net cash provided (used) by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	18,693,564	19,239,571
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	75,000	125,000
Other nonoperating gains and losses	(109,814)	(22,953)
	<u>18,658,750</u>	<u>19,341,618</u>
<b>Net cash provided (used) by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	2,873,974	5,723,868
Capital appropriations	2,342,168	7,408,707
Purchases of capital assets	(3,834,249)	(11,336,769)
Principal paid on debt and capital leases	(2,975,167)	(2,277,098)
Interest paid on debt and capital leases	(849,240)	(1,148,573)
Transfers (to) from other University System of Maryland institutions	(484,015)	(1,086,823)
	<u>(2,926,529)</u>	<u>(2,716,688)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	495,006	583,539
Interest on investments	(6,551)	118,312
Investment expense	(2,694)	(1,950)
Purchases of investments	(533,027)	(725,203)
	<u>(47,266)</u>	<u>(25,302)</u>
<b>Net cash provided (used) by investing activities</b>		
<b>Net increase (decrease) in cash</b>	(5,621,455)	(1,082,252)
<b>Cash and cash equivalents - beginning of the year</b>	<u>4,412,698</u>	<u>5,494,950</u>
<b>Cash and cash equivalents - end of the year</b>	<u>(\$1,208,757)</u>	<u>\$4,412,698</u>

**UNIVERSITY OF BALTIMORE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$7,591,347	\$2,842,477	\$8,584,822	\$2,660,244
Investments		23,207,364		16,933,424
Accounts receivable, net	7,716,394	7,789,409	4,362,029	8,812,680
Notes receivable, current portion	468,059		598,064	
Inventories			42,888	
Inter-institutional balances			(1,026,141)	
<b>Total current assets</b>	<b>15,775,800</b>	<b>33,839,250</b>	<b>12,561,662</b>	<b>28,406,348</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	251,046		60,127	
Endowment investments		3,143,722		2,832,648
Notes receivable, net	2,616,791		2,392,258	
Capital assets, net	50,077,025	1,348,915	51,206,287	1,329,619
<b>Total noncurrent assets</b>	<b>52,944,862</b>	<b>4,492,637</b>	<b>53,658,672</b>	<b>4,162,267</b>
<b>Total assets</b>	<b>\$68,720,662</b>	<b>\$38,331,887</b>	<b>\$66,220,334</b>	<b>\$32,568,615</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$3,134,870	\$354,600	\$3,939,821	\$285,655
Accrued workers compensation, current portion	80,135		74,245	
Accrued vacation costs, current portion	1,370,677		202,122	
Revenue bonds and notes payable, current portion	493,422		488,765	
Deferred revenue	1,573,759		(1,464,525)	
<b>Total current liabilities</b>	<b>6,652,863</b>	<b>354,600</b>	<b>3,240,428</b>	<b>285,655</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	436,865		404,755	
Accrued vacation costs	623,634		1,803,874	
Revenue bonds and notes payable, net	13,222,866		9,891,402	
<b>Total noncurrent liabilities</b>	<b>14,283,365</b>		<b>12,100,031</b>	
<b>Total liabilities</b>	<b>20,936,228</b>	<b>354,600</b>	<b>15,340,459</b>	<b>285,655</b>
<b>NET ASSETS</b>				
Unrestricted	7,715,563	6,637,664	6,605,345	3,734,413
Invested in capital assets, net	36,360,737		40,826,120	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		9,182,004		8,502,391
Other		19,607,664		18,404,702
Expendable:				
Scholarships and fellowships		593,733		421,096
Loans	3,457,088		3,388,283	
Capital projects	251,046		60,127	
Other		1,956,222		1,220,358
<b>Total net assets</b>	<b>47,784,434</b>	<b>37,977,287</b>	<b>50,879,875</b>	<b>32,282,960</b>
<b>Total liabilities and net assets</b>	<b>\$68,720,662</b>	<b>\$38,331,887</b>	<b>\$66,220,334</b>	<b>\$32,568,615</b>

**UNIVERSITY OF BALTIMORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$34,172,726		\$28,992,314	
Less: scholarship allowances	(3,026,243)	\$31,146,483	(2,366,285)	\$26,626,029
Federal grants and contracts		3,207,475		2,314,777
State and local grants and contracts		3,503,535		5,038,921
Nongovernmental grants and contracts		341,036		503,667
Sales and services of educational departments		168,424		393,060
Auxiliary enterprises:				
Parking facilities		1,032,971		604,253
Other auxiliary enterprises revenues		2,712,445		4,339,038
Other operating revenues		427,309		22,098
<b>Total operating revenues</b>		<b>42,539,678</b>		<b>39,841,843</b>
<b>OPERATING EXPENSES:</b>				
Instruction		23,967,536		24,515,011
Research		4,933,400		5,404,347
Academic support		11,010,572		8,743,067
Student services		4,133,329		4,320,239
Institutional support		10,908,088		9,453,978
Operation and maintenance of plant		5,151,948		5,492,112
Scholarships and fellowships		2,289,365		1,045,517
Auxiliary enterprises:				
Parking facilities		1,032,971		255,104
Other auxiliary enterprises expenses		900,571		1,635,656
<b>Total operating expenses</b>		<b>64,327,780</b>		<b>60,865,031</b>
<b>Operating income (loss)</b>		<b>(21,788,102)</b>		<b>(21,023,188)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		20,904,051		21,694,926
Gifts			\$2,477,152	\$1,563,970
Investment income		133,219	5,611,181	212,024
Interest on indebtedness		(358,293)		(4,317,348)
Other nonoperating revenues		94,491		
Other affiliated foundation revenue			592,129	230,053
Other affiliated foundation expense			(2,986,135)	(2,094,938)
Transfers (to) from other University System of Maryland institutions		(2,162,649)		(1,940,115)
<b>Total nonoperating revenues (expenses)</b>		<b>18,610,819</b>	<b>5,694,327</b>	<b>15,649,487</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>(3,177,283)</b>	<b>5,694,327</b>	<b>(5,373,701)</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		81,842		2,243,421
Capital gifts and grants				55,055
Other gains and losses				(9,378)
<b>Total other revenues, expenses, gains and losses</b>		<b>81,842</b>		<b>2,289,098</b>
<b>Increase (decrease) in net assets</b>		<b>(3,095,441)</b>	<b>5,694,327</b>	<b>(3,084,603)</b>
<b>Net assets - beginning of year</b>		<b>50,879,875</b>	<b>32,282,960</b>	<b>52,038,319</b>
<b>Cumulative effect of prior period adjustment</b>				<b>1,926,159</b>
<b>Net assets - end of year</b>		<b>\$47,784,434</b>	<b>\$37,977,287</b>	<b>\$50,879,875</b>
				<b>\$32,282,960</b>

**UNIVERSITY OF BALTIMORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$31,681,995	\$24,539,062
Research contracts and grants	6,988,909	7,280,515
Payments to employees	(39,043,554)	(48,359,041)
Payments to suppliers and contractors	(20,961,928)	(11,926,696)
Loans issued to students	(964,780)	(886,104)
Collections of loans to students	740,210	995,547
Auxiliary enterprises:		
Parking facilities	1,032,971	604,253
Other	2,712,444	4,339,038
Other receipts (payments)	(210,927)	254,751
<b>Net cash provided (used) by operating activities</b>	<u>(18,024,660)</u>	<u>(23,158,675)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	20,904,051	21,694,926
Other nonoperating gains and losses	94,491	60,258
<b>Net cash provided (used) by noncapital financing activities</b>	<u>20,998,542</u>	<u>21,755,184</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	4,226,248	855,459
Capital appropriations	81,842	2,243,421
Purchases of capital assets	(3,809,294)	(3,841,519)
Principal paid on debt and capital leases	(3,442,928)	(993,212)
Interest paid on debt and capital leases	(341,690)	(4,318,321)
Transfers (to) from other University System of Maryland institutions	(638,237)	1,850,430
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(3,924,059)</u>	<u>(4,203,742)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	147,621	142,385
<b>Net cash provided (used) by investing activities</b>	<u>147,621</u>	<u>142,385</u>
<b>Net increase (decrease) in cash</b>	<u>(802,556)</u>	<u>(5,464,848)</u>
<b>Cash and cash equivalents - beginning of the year</b>	<u>8,644,949</u>	<u>14,109,797</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$7,842,393</u>	<u>\$8,644,949</u>

**SALISBURY UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$15,949,680	\$318,074	\$14,224,296	\$592,833
Investments		20,285,055		17,331,115
Accounts receivable, net	938,675	398,622	815,261	445,792
Notes receivable, current portion	255,369		285,253	
Inventories	1,125,641		953,394	
Prepaid expenses, deferred charges and other assets	70,726		63,224	
Inter-institutional balances	(2,004,528)		(3,277,498)	
<b>Total current assets</b>	<b>16,335,563</b>	<b>21,001,751</b>	<b>13,063,930</b>	<b>18,369,740</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	279,226		155,540	
Endowment investments		5,663,998		5,455,540
Notes receivable, net	962,795	65,457	879,542	354,509
Other assets		150,433		148,345
Capital assets, net	126,485,948	4,648,457	129,181,239	4,716,295
<b>Total noncurrent assets</b>	<b>127,727,969</b>	<b>10,528,345</b>	<b>130,216,321</b>	<b>10,674,689</b>
<b>Total assets</b>	<b>\$144,063,532</b>	<b>\$31,530,096</b>	<b>\$143,280,251</b>	<b>\$29,044,429</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$5,323,002	\$1,155,860	\$8,528,553	\$1,212,152
Accrued workers compensation	137,020		116,870	
Accrued vacation costs, current portion	1,751,877		1,564,083	
Revenue bonds and notes payable, current portion	3,276,265	100,000	3,222,918	100,000
Deferred revenue	1,013,645	6,088	1,004,256	10,839
<b>Total current liabilities</b>	<b>11,501,809</b>	<b>1,261,948</b>	<b>14,436,680</b>	<b>1,322,991</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	746,980		637,130	
Accrued vacation costs	862,052		1,188,731	
Other payables		3,836,185		3,757,904
Revenue bonds and notes payable, net	35,759,308	890,971	38,617,755	982,639
<b>Total noncurrent liabilities</b>	<b>37,368,340</b>	<b>4,727,156</b>	<b>40,443,616</b>	<b>4,740,543</b>
<b>Total liabilities</b>	<b>48,870,149</b>	<b>5,989,104</b>	<b>54,880,296</b>	<b>6,063,534</b>
<b>NET ASSETS</b>				
Unrestricted	5,259,158	2,270,067	(904,054)	1,282,718
Invested in capital assets, net	87,450,375		87,340,566	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		18,535,428		16,889,811
Expendable:				
Scholarships and fellowships		2,780,613		2,872,460
Research	830,660		456,319	
Loans	1,373,964		1,351,584	
Capital projects	279,226		155,540	
Other		1,954,884		1,935,906
<b>Total net assets</b>	<b>95,193,383</b>	<b>25,540,992</b>	<b>88,399,955</b>	<b>22,980,895</b>
<b>Total liabilities and net assets</b>	<b>\$144,063,532</b>	<b>\$31,530,096</b>	<b>\$143,280,251</b>	<b>\$29,044,429</b>

**SALISBURY UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$35,592,779		\$30,089,461	
Less: scholarship allowances	(4,321,100)	\$31,271,679	(3,407,261)	\$26,682,200
Federal grants and contracts		3,544,091		3,816,767
State and local grants and contracts		2,501,007		1,653,556
Nongovernmental grants and contracts		473,830		507,612
Sales and services of educational departments		205,436		238,942
Auxiliary enterprises:				
Residential halls	10,643,190		9,986,021	
Less: scholarship allowances	(134,989)	10,508,201	(203,034)	9,782,987
Dining facilities	9,330,548		8,506,611	
Less: scholarship allowances	(14,683)	9,315,865	(44,125)	8,462,486
Intercollegiate athletics	2,155,723		2,123,417	
Less: scholarship allowances	(49,799)	2,105,924	(81,485)	2,041,932
Bookstore	4,782,756		4,573,677	
Less: scholarship allowances		4,782,756	(578)	4,573,099
Parking facilities		239,475		239,977
Other auxiliary enterprises revenues		814,096		1,062,549
<b>Total operating revenues</b>		<b>65,762,360</b>		<b>59,062,107</b>
<b>OPERATING EXPENSES:</b>				
Instruction		27,069,130		28,882,863
Research		3,559,886		3,857,334
Academic support		6,994,577		6,357,721
Student services		4,375,043		4,737,215
Institutional support		10,656,892		10,933,248
Operation and maintenance of plant		9,019,338		9,109,171
Scholarships and fellowships		138,915		169,409
Auxiliary enterprises:				
Residential halls		5,718,287		5,528,136
Dining facilities		8,624,935		7,859,334
Intercollegiate athletics		1,725,160		1,974,131
Bookstore		4,078,043		3,978,951
Parking facilities		131,871		124,744
Other auxiliary enterprises expenses		2,085,158		3,108,747
<b>Total operating expenses</b>		<b>84,177,235</b>		<b>86,621,004</b>
<b>Operating income (loss)</b>		<b>(18,414,875)</b>		<b>(27,558,897)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		25,442,364		26,200,058
Gifts			\$1,844,992	\$1,806,045
Investment income		262,556	2,971,903	363,431
Interest on indebtedness		(1,785,155)		(2,013,635)
Other affiliated foundation revenue			1,162,875	1,053,398
Other affiliated foundation expense			(3,419,673)	(3,428,412)
Transfers (to) from other University System of Maryland institutions		432,753		219,688
<b>Total nonoperating revenues (expenses)</b>		<b>24,352,518</b>	<b>2,560,097</b>	<b>24,769,542</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>5,937,643</b>	<b>2,560,097</b>	<b>(2,789,355)</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		478,026		5,278,006
Capital gifts and grants		310,536		1,007,841
Other gains and losses		67,223		(304,804)
<b>Total other revenues, expenses, gains and losses</b>		<b>855,785</b>		<b>5,981,043</b>
<b>Increase (decrease) in net assets</b>		<b>6,793,428</b>	<b>2,560,097</b>	<b>3,191,688</b>
<b>Net assets, beginning of year</b>		<b>88,399,955</b>	<b>22,980,895</b>	<b>85,208,267</b>
<b>Net assets, end of year</b>		<b>\$95,193,383</b>	<b>\$25,540,992</b>	<b>\$88,399,955</b>

**SALISBURY UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$31,330,976	\$26,882,184
Research contracts and grants	6,388,754	6,074,019
Payments to employees	(59,115,331)	(58,123,934)
Payments to suppliers and contractors	(21,981,375)	(21,983,874)
Loans issued to students	(257,260)	(294,350)
Collections of loans to students	203,891	476,595
Auxiliary enterprises:		
Residence halls	10,503,701	9,832,198
Dining facilities	9,257,815	8,375,577
Intercollegiate athletics	2,105,924	2,037,350
Bookstores	4,782,906	4,572,017
Parking facilities	239,475	239,977
Other	820,538	1,060,900
Other receipts (payments)	(125,462)	105,170
	<u>(15,845,448)</u>	<u>(20,746,171)</u>
<b>Net cash provided (used) by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	25,442,364	26,200,058
Other nonoperating gains and losses	67,223	(304,804)
	<u>25,509,587</u>	<u>25,895,254</u>
<b>Net cash provided (used) by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	17,565,410	6,004,101
Capital appropriations	478,026	5,278,006
Capital grants and gifts received	81,769	45,507
Purchases of capital assets	(2,533,786)	(9,988,821)
Principal paid on debt and capital leases	(20,441,725)	(7,926,681)
Interest paid on debt and capital leases	(2,374,564)	(2,622,666)
Transfers (to) from other University System of Maryland institutions	(852,755)	2,091,531
	<u>(8,077,625)</u>	<u>(7,119,023)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	262,556	363,431
	<u>262,556</u>	<u>363,431</u>
<b>Net cash provided (used) by investing activities</b>		
<b>Net increase (decrease) in cash</b>	1,849,070	(1,606,509)
<b>Cash and cash equivalents - beginning of the year</b>	<u>14,379,836</u>	<u>15,986,345</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$16,228,906</u>	<u>\$14,379,836</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$79,860,029		\$56,848,982	
Accounts receivable, net	31,874,786	\$1,584,000	37,589,732	\$1,305,000
Notes receivable, current portion	346,741		267,566	
Inventories	3,449,177		2,960,951	
Prepaid expenses, deferred charges and other assets	110,752	6,000	140,955	
Deferred charges	113,705		15,752	
Inter-institutional balances	(141,445)		(216,351)	
<b>Total current assets</b>	<b>115,613,745</b>	<b>1,590,000</b>	<b>97,607,587</b>	<b>1,305,000</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	193,047		104,099	
Endowment investments	153,764	10,067,000	148,118	9,278,000
Notes receivable, net	979,387	633,000	1,079,579	1,317,000
Capital assets, net	69,695,828	2,623,000	49,739,542	2,454,000
<b>Total noncurrent assets</b>	<b>71,022,026</b>	<b>13,323,000</b>	<b>51,071,338</b>	<b>13,049,000</b>
<b>Total assets</b>	<b>\$186,635,771</b>	<b>\$14,913,000</b>	<b>\$148,678,925</b>	<b>\$14,354,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$18,173,880	\$276,000	\$14,739,219	\$408,000
Accrued workers compensation, current portion	191,115		189,410	
Accrued vacation costs, current portion	3,504,859		3,601,875	
Revenue bonds and notes payable, current portion	1,133,961		199,186	
Deferred revenue	13,419,624		9,271,887	
<b>Total current liabilities</b>	<b>36,423,439</b>	<b>276,000</b>	<b>28,001,577</b>	<b>408,000</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	1,041,885		1,032,590	
Accrued vacation costs	2,678,522		2,049,976	
Revenue bonds and notes payable, net	20,935,634		9,202,636	
<b>Total noncurrent liabilities</b>	<b>24,656,041</b>		<b>12,285,202</b>	
<b>Total liabilities</b>	<b>61,079,480</b>	<b>276,000</b>	<b>40,286,779</b>	<b>408,000</b>
<b>NET ASSETS</b>				
Unrestricted	76,008,084	4,143,000	66,297,885	3,985,000
Invested in capital assets, net	47,626,233		40,337,720	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	23,080		23,080	3,088,000
Research				54,000
Other		7,176,000		3,555,000
Expendable:				
Scholarships and fellowships	105,139		102,349	418,000
Research	160,014		80,411	705,000
Loans	1,446,973		1,453,060	
Capital projects	186,768		97,641	
Other		3,318,000		2,141,000
<b>Total net assets</b>	<b>125,556,291</b>	<b>14,637,000</b>	<b>108,392,146</b>	<b>13,946,000</b>
<b>Total liabilities and net assets</b>	<b>\$186,635,771</b>	<b>\$14,913,000</b>	<b>\$148,678,925</b>	<b>\$14,354,000</b>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$159,118,158		\$153,839,606	
Less: scholarship allowances	(5,064,047)	\$154,054,111	(4,105,963)	\$149,733,643
Federal grants and contracts		8,561,370		12,366,825
State and local grants and contracts		353,357		52,531
Nongovernmental grants and contracts		453,644		321,297
Sales and services of educational departments		1,460,470		2,107,758
Auxiliary enterprises:				
Residential halls		199,399		242,867
Bookstore		6,650,908		6,392,438
Parking facilities		847,984		688,894
Other auxiliary enterprises revenues		5,825		83,078
Other operating revenues		14,881,683		18,097,568
<b>Total operating revenues</b>		<b>187,468,751</b>		<b>190,086,899</b>
<b>OPERATING EXPENSES:</b>				
Instruction		67,996,393		64,727,139
Research		460,085		563,457
Public service		9,038,864		9,003,445
Academic support		22,798,332		22,873,919
Student services		27,952,571		24,655,881
Institutional support		33,971,415		35,125,856
Operation and maintenance of plant		10,445,838		12,184,180
Scholarships and fellowships		4,738,635		4,695,769
Auxiliary enterprises:				
Residential halls		225,681		275,330
Bookstore		6,146,688		5,755,466
Parking facilities		596,024		293,254
Other auxiliary enterprises expenses		53,408		1,624
<b>Total operating expenses</b>		<b>184,423,934</b>		<b>180,155,320</b>
<b>Operating income (loss)</b>		<b>3,044,817</b>		<b>9,931,579</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		14,469,494		13,828,419
Gifts			\$1,070,000	\$2,538,000
Investment income	952,588		790,000	504,000
Less: Investment expense	(732)	951,856	921,379	920,853
Interest on indebtedness		(337,075)	(526)	(26,898)
Other nonoperating revenues		54,523		
Other affiliated foundation revenue			5,000	1,000
Other affiliated foundation expense			(1,174,000)	(1,038,000)
Transfers (to) from other University System of Maryland institutions		(864,649)		(436,556)
<b>Total nonoperating revenues (expenses)</b>		<b>14,274,149</b>	<b>691,000</b>	<b>14,285,818</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>17,318,966</b>	<b>691,000</b>	<b>24,217,397</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations				354,235
Capital gifts and grants		1,184		16,983
Other gains and losses		(156,005)		(105,333)
<b>Total other revenues, expenses, gains and losses</b>		<b>(154,821)</b>		<b>265,885</b>
<b>Increase (decrease) in net assets</b>		<b>17,164,145</b>	<b>691,000</b>	<b>24,483,282</b>
<b>Net assets - beginning of period</b>		<b>108,392,146</b>	<b>13,946,000</b>	<b>83,908,864</b>
<b>Net assets - end of period</b>		<b>\$125,556,291</b>	<b>\$14,637,000</b>	<b>\$108,392,146</b>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$163,106,325	\$152,963,666
Research contracts and grants	9,895,402	13,259,321
Payments to employees	(112,932,222)	(112,300,942)
Payments to suppliers and contractors	(65,216,330)	(67,508,109)
Loans issued to students	(378,399)	(260,562)
Collections of loans to students	399,416	272,540
Auxiliary enterprises:		
Residence halls	199,399	242,867
Bookstore	6,650,908	6,392,438
Parking facilities	847,984	688,894
Other	4,421	181,321
Other receipts (payments)	16,470,930	19,608,224
<b>Net cash provided (used) by operating activities</b>	<u>19,047,834</u>	<u>13,539,658</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	14,469,494	13,828,419
Other nonoperating gains and losses	245,639	(163,105)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>14,715,133</u>	<u>13,665,314</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	13,060,845	6,341,437
Capital appropriations		354,234
Capital grants and gifts received		(16,983)
Proceeds from sales of capital assets	20,764	438,714
Purchases of capital assets	(23,171,830)	(16,860,986)
Principal paid on debt and capital leases	(229,454)	(21,437)
Interest paid on debt and capital leases	(260,181)	(41,194)
Transfers (to) from other University System of Maryland institutions	(1,038,270)	(284,653)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(11,618,126)</u>	<u>(10,090,868)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	160,807	211,291
Interest on investments	939,582	894,736
Investment expense	(473)	(1,052)
Purchases of investments	(144,762)	(195,782)
<b>Net cash provided (used) by investing activities</b>	<u>955,154</u>	<u>909,193</u>
<b>Net increase (decrease) in cash</b>	23,099,995	18,023,297
<b>Cash and cash equivalents - beginning of the year</b>	<u>56,953,081</u>	<u>38,929,784</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$80,053,076</u>	<u>\$56,953,081</u>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**BALANCE SHEET**  
**JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$7,201,902	\$176,238	\$12,919,436	\$45,380
Investments				
Accounts receivable, net	29,183,559	9,312,000	16,433,798	5,348,000
Notes receivable, current portion	260,206		239,799	
Inventories	748,971		571,769	
Prepaid expenses, deferred charges and other assets	837,479	31,000	819,955	6,000
Inter-institutional balances	(17,185)		(840,414)	
<b>Total current assets</b>	<b>38,214,932</b>	<b>9,519,238</b>	<b>30,144,343</b>	<b>5,399,380</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	1,207,121		739,013	
Endowment investments	632,535	32,603,000	579,822	24,941,000
Notes receivable, net	1,835,691	7,986,000	1,728,083	5,445,000
Capital assets, net	262,986,340	2,981,638	242,219,911	2,987,827
<b>Total noncurrent assets</b>	<b>266,661,687</b>	<b>43,570,638</b>	<b>245,266,829</b>	<b>33,373,827</b>
<b>Total assets</b>	<b>\$304,876,619</b>	<b>\$53,089,876</b>	<b>\$275,411,172</b>	<b>\$38,773,207</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$13,715,984	\$1,121,000	\$12,470,645	\$401,375
Accrued workers compensation, current portion	272,955		259,780	
Accrued vacation costs, current portion	2,980,748		3,002,591	
Revenue bonds and notes payable, current portion	4,974,365	40,099	4,202,873	57,501
Deferred revenue	5,798,471	725,295	4,408,048	581,527
<b>Total current liabilities</b>	<b>27,742,523</b>	<b>1,886,394</b>	<b>24,343,937</b>	<b>1,040,403</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	1,488,045		1,416,220	
Accrued vacation costs	4,383,886		3,329,998	
Other payables		333,620		313,258
Revenue bonds and notes payable, net	102,868,660	782,016	95,307,885	831,549
<b>Total noncurrent liabilities</b>	<b>108,740,591</b>	<b>1,115,636</b>	<b>100,054,103</b>	<b>1,144,807</b>
<b>Total liabilities</b>	<b>136,483,114</b>	<b>3,002,030</b>	<b>124,398,040</b>	<b>2,185,210</b>
<b>NET ASSETS</b>				
Unrestricted	4,789,916	4,449,846	2,973,348	3,181,997
Invested in capital assets, net	155,143,315		142,709,153	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	20,753	15,082,000	20,753	11,245,000
Research		210,000		198,000
Other		16,604,000		12,946,000
Expendable:				
Scholarships and fellowships	47,744	2,656,000		1,154,000
Research	4,922,476	1,905,000	2,381,149	1,948,000
Loans	2,288,009		2,214,689	
Capital projects	1,181,292		714,040	
Other		9,181,000		5,915,000
<b>Total net assets</b>	<b>168,393,505</b>	<b>50,087,846</b>	<b>151,013,132</b>	<b>36,587,997</b>
<b>Total liabilities and net assets</b>	<b>\$304,876,619</b>	<b>\$53,089,876</b>	<b>\$275,411,172</b>	<b>\$38,773,207</b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$73,410,003		\$75,826,597	
Less: scholarship allowances	(19,909,636)	\$53,500,367	(16,006,292)	\$59,820,305
Federal grants and contracts		48,478,417		50,141,746
State and local grants and contracts		30,409,654		33,736,425
Nongovernmental grants and contracts		11,523,018		9,785,481
Sales and services of educational departments		2,113,575		4,141,104
Auxiliary enterprises:				
Residence halls	11,181,386		10,630,034	
Less: scholarship allowances	(2,922,639)	8,258,747	(2,078,100)	8,551,934
Dining facilities	7,690,971		7,866,400	
Less: scholarship allowances	(1,709,559)	5,981,412	(1,266,797)	6,599,603
Intercollegiate athletics		4,536,306		5,197,553
Bookstore	6,459,291		6,210,866	
Less: scholarship allowances	(12,643)	6,446,648	(30,002)	6,180,864
Other auxiliary enterprises revenues		14,077,498		2,418,234
Other operating revenues		523,207		1,289,215
<b>Total operating revenues</b>	<b>185,848,849</b>		<b>187,862,464</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		76,847,184		77,740,895
Research		45,537,897		38,672,766
Public service		25,509,170		31,875,187
Academic support		17,789,230		14,998,051
Student services		9,498,596		9,188,337
Institutional support		26,187,848		21,513,325
Operation and maintenance of plant		16,946,291		13,979,170
Scholarships and fellowships		5,196,609		8,376,872
Auxiliary enterprises:				
Residence halls		8,646,799		8,590,179
Dining facilities		6,775,423		7,303,977
Intercollegiate athletics		5,417,287		5,756,389
Bookstore		6,793,462		7,029,032
Other auxiliary enterprises expenses		2,321,466		8,161,590
<b>Total operating expenses</b>		<b>253,467,262</b>		<b>253,185,770</b>
<b>Operating income (loss)</b>		<b>(67,618,413)</b>		<b>(65,323,306)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		65,417,441		67,481,120
Gifts			\$13,545,000	\$7,280,000
Investment income	136,381		3,905,413	1,248,553
Less: Investment expense	(3,042)	133,339	573,726	571,691
Interest on indebtedness		(4,502,063)	(2,035)	(4,437,731)
Other nonoperating revenues (expenses)		96,915		(343,026)
Other affiliated foundation revenue			204,401	146,733
Other affiliated foundation expense			(4,154,965)	(4,022,747)
Transfers (to) from other University System of Maryland institutions		(1,441,647)		(925,466)
<b>Total nonoperating revenues (expenses)</b>		<b>59,703,985</b>	<b>13,499,849</b>	<b>62,346,588</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>(7,914,428)</b>	<b>13,499,849</b>	<b>(2,976,718)</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		24,251,414		41,565,171
Capital gifts and grants		1,132,196		42,521
Other gains and losses		(88,809)		
<b>Total other revenues, expenses, gains and losses</b>		<b>25,294,801</b>		<b>41,607,692</b>
<b>Increase (decrease) in net assets</b>		<b>17,380,373</b>	<b>13,499,849</b>	<b>38,630,974</b>
<b>Net assets - beginning of year</b>		<b>151,013,132</b>	<b>36,587,997</b>	<b>112,382,158</b>
<b>Net assets - end of year</b>		<b>\$168,393,505</b>	<b>\$50,087,846</b>	<b>\$151,013,132</b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$52,407,776	\$60,346,649
Research contracts and grants	83,580,573	91,695,423
Payments to employees	(160,600,336)	(153,288,516)
Payments to suppliers and contractors	(75,530,690)	(81,838,147)
Loans issued to students	(381,030)	(360,328)
Collections of loans to students	251,217	306,134
Auxiliary enterprises:		
Residence halls	7,733,071	8,482,722
Dining facilities	5,600,690	6,599,603
Intercollegiate athletics	4,536,306	5,197,553
Bookstore	6,036,314	6,180,864
Parking facilities	4,247,567	
Other	8,645,148	2,471,495
Other receipts (payments)	2,637,602	5,430,319
	<u>(60,835,792)</u>	<u>(48,776,229)</u>
<b>Net cash provided (used) by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	65,417,441	67,481,120
Other nonoperating gains and losses	96,914	(363,323)
	<u>65,514,355</u>	<u>67,117,797</u>
<b>Net cash provided (used) by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	18,050,170	8,424,295
Capital appropriations	24,251,414	41,565,171
Capital grants and gifts received		42,521
Purchases of capital assets	(35,780,015)	(63,710,191)
Principal paid on debt and capital leases	(16,172,383)	(7,379,038)
Interest paid on debt and capital leases	(4,539,428)	(4,437,731)
Transfers (to) from other University System of Maryland institutions	4,179,405	48,653
	<u>(10,010,837)</u>	<u>(25,446,320)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	539,861	738,750
Interest on investments	140,442	601,140
Investment expense	(1,952)	(4,102)
Purchases of investments	(595,503)	(757,035)
	<u>82,848</u>	<u>578,753</u>
<b>Net cash provided (used) by investing activities</b>		
<b>Net increase (decrease) in cash</b>	(5,249,426)	(6,525,999)
<b>Cash and cash equivalents - beginning of the year</b>	<u>13,658,449</u>	<u>20,184,448</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$8,409,023</u></u>	<u><u>\$13,658,449</u></u>

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$5,403,591		\$4,169,215	
Accounts receivable, net	2,873,454	\$110,000	4,344,802	\$24,000
Inter-institutional balances	(197,820)		(403,660)	
<b>Total current assets</b>	<b>8,079,225</b>	<b>110,000</b>	<b>8,110,357</b>	<b>24,000</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	16,861		14,152	
Endowment investments		782,000		818,000
Capital assets, net	63,921,361		59,683,476	
<b>Total noncurrent assets</b>	<b>63,938,222</b>	<b>782,000</b>	<b>59,697,628</b>	<b>818,000</b>
<b>Total assets</b>	<b>\$72,017,447</b>	<b>\$892,000</b>	<b>\$67,807,985</b>	<b>\$842,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$1,953,593	\$42,000	\$2,497,746	\$84,000
Accrued workers compensation, current portion	85,560		99,045	
Accrued vacation costs, current portion	497,676		497,676	
Revenue bonds and notes payable, current portion	476,798		427,758	
<b>Total current liabilities</b>	<b>3,013,627</b>	<b>42,000</b>	<b>3,522,225</b>	<b>84,000</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	466,440		539,955	
Accrued vacation costs	1,864,216		1,818,149	
Revenue bonds and notes payable, net	7,089,231		5,390,031	
<b>Total noncurrent liabilities</b>	<b>9,419,887</b>		<b>7,748,135</b>	
<b>Total liabilities</b>	<b>12,433,514</b>	<b>42,000</b>	<b>11,270,360</b>	<b>84,000</b>
<b>NET ASSETS</b>				
Unrestricted	3,211,740	274,000	2,657,786	225,000
Invested in capital assets, net	56,355,332		53,865,687	
Restricted:				
Nonexpendable:				
Research		46,000		38,000
Expendable:				
Research		530,000		495,000
Capital projects	16,861		14,152	
<b>Total net assets</b>	<b>59,583,933</b>	<b>850,000</b>	<b>56,537,625</b>	<b>758,000</b>
<b>Total liabilities and net assets</b>	<b>\$72,017,447</b>	<b>\$892,000</b>	<b>\$67,807,985</b>	<b>\$842,000</b>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$13,691,098		\$12,800,656	
State and local grants and contracts	5,106,614		4,905,971	
Nongovernmental grants and contracts	962,402		1,160,549	
Sales and services of educational departments	2,340,353		2,380,121	
Other operating revenues	25,000		28,000	
<b>Total operating revenues</b>	<b>22,125,467</b>		<b>21,275,297</b>	
<b>OPERATING EXPENSES:</b>				
Research	36,263,110		36,338,824	
Operation and maintenance of plant	4,640		3,577	
<b>Total operating expenses</b>	<b>36,267,750</b>		<b>36,342,401</b>	
<b>Operating income (loss)</b>	<b>(14,142,283)</b>		<b>(15,067,104)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations	13,018,726		12,917,215	
Gifts		\$286,000		\$375,000
Investment income		18,000		57,000
Interest on indebtedness	(240,020)		(255,074)	
Other affiliated foundation revenue		2,000		3,000
Other affiliated foundation expense		(214,000)		(301,000)
Transfers (to) from other University System of Maryland institutions	518,630		561,170	
<b>Total nonoperating revenues (expenses)</b>	<b>13,297,336</b>	<b>92,000</b>	<b>13,223,311</b>	<b>134,000</b>
<b>Income before other revenues, expenses, gains and losses</b>	<b>(844,947)</b>	<b>92,000</b>	<b>(1,843,793)</b>	<b>134,000</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations	3,891,255		13,713,932	
<b>Total other revenues, expenses, gains and losses</b>	<b>3,891,255</b>		<b>13,713,932</b>	
<b>Increase (decrease) in net assets</b>	<b>3,046,308</b>	<b>92,000</b>	<b>11,870,139</b>	<b>134,000</b>
<b>Net assets - beginning of year</b>	<b>56,537,625</b>	<b>758,000</b>	<b>44,667,486</b>	<b>624,000</b>
<b>Net assets - end of year</b>	<b>\$59,583,933</b>	<b>\$850,000</b>	<b>\$56,537,625</b>	<b>\$758,000</b>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Research contracts and grants	\$21,231,462	\$20,243,204
Payments to employees	(21,003,935)	(21,010,931)
Payments to suppliers and contractors	(12,626,837)	(11,232,770)
Other receipts (payments)	2,365,353	2,408,121
<b>Net cash provided (used) by operating activities</b>	<u>(10,033,957)</u>	<u>(9,592,376)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	13,018,726	12,917,215
<b>Net cash provided (used) by noncapital financing activities</b>	<u>13,018,726</u>	<u>12,917,215</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	3,782,219	438,491
Capital appropriations	3,891,255	13,713,932
Purchases of capital assets	(7,438,170)	(14,926,920)
Principal paid on debt and capital leases	(1,980,436)	(729,979)
Interest paid on debt and capital leases	(267,306)	(255,992)
Transfers (to) from other University System of Maryland institutions	264,754	874,621
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,747,684)</u>	<u>(885,847)</u>
<b>Net increase (decrease) in cash</b>	1,237,085	2,438,992
<b>Cash and cash equivalents - beginning of the year</b>	<u>4,183,367</u>	<u>1,744,375</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$5,420,452</u>	<u>\$4,183,367</u>

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$9,660,424		\$9,356,415	
Accounts receivable, net	5,290,632	\$103,000	4,908,336	\$109,000
Prepaid expenses, deferred charges and other assets	366,640	86,000		11,000
Inter-institutional balances	(417,505)		(469,539)	
<b>Total current assets</b>	<b>14,900,191</b>	<b>189,000</b>	<b>13,795,212</b>	<b>120,000</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	7		7	
Endowment investments		3,580,000		4,399,000
Capital assets, net	69,529,434		58,315,722	
<b>Total noncurrent assets</b>	<b>69,529,441</b>	<b>3,580,000</b>	<b>58,317,579</b>	<b>4,399,000</b>
<b>Total assets</b>	<b>\$84,429,632</b>	<b>\$3,769,000</b>	<b>\$72,112,791</b>	<b>\$4,519,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$2,582,347	\$292,000	\$3,576,142	\$734,000
Accrued vacation costs, current portion	1,567,485		751,795	
Obligations under capital lease obligations, current portion	174,476		163,288	
<b>Total current liabilities</b>	<b>4,324,308</b>	<b>292,000</b>	<b>4,491,225</b>	<b>734,000</b>
<b>Noncurrent liabilities:</b>				
Accrued vacation costs	1,650,580		2,255,386	
Obligations under capital lease agreements	4,878,579		5,053,054	
<b>Total noncurrent liabilities</b>	<b>6,529,159</b>		<b>7,308,440</b>	
<b>Total liabilities</b>	<b>10,853,467</b>	<b>292,000</b>	<b>11,799,665</b>	<b>734,000</b>
<b>NET ASSETS</b>				
Unrestricted	8,290,606	314,000	6,757,153	539,000
Invested in capital assets, net	64,476,379		53,099,380	
Restricted:				
Nonexpendable:				
Research		396,000		385,000
Expendable:				
Research	809,173	2,767,000	456,586	1,056,000
Capital projects	7		7	
Other				1,805,000
<b>Total net assets</b>	<b>73,576,165</b>	<b>3,477,000</b>	<b>60,313,126</b>	<b>3,785,000</b>
<b>Total liabilities and net assets</b>	<b>\$84,429,632</b>	<b>\$3,769,000</b>	<b>\$72,112,791</b>	<b>\$4,519,000</b>

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$19,756,238		\$17,554,287	
State and local grants and contracts	3,879,426		936,004	
Nongovernmental grants and contracts	4,593,971		5,795,355	
Sales and services of educational departments	2,501,158		1,281,429	
Other operating revenues				
<b>Total operating revenues</b>	<b>30,730,793</b>		<b>25,567,075</b>	
<b>OPERATING EXPENSES:</b>				
Research	45,803,947		45,204,549	
<b>Total operating expenses</b>	<b>45,803,947</b>		<b>45,204,549</b>	
<b>Operating loss</b>	<b>(15,073,154)</b>		<b>(19,637,474)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations	14,896,855		15,135,958	
Gifts		\$876,000		\$1,086,000
Investment income	153,309	134,000	228,217	323,000
Interest on indebtedness	(346,864)		(357,449)	
Other affiliated foundation revenue		106,000		109,000
Other affiliated foundation expense		(1,424,000)		(2,603,000)
Transfers (to) from other University System of Maryland institutions	662,006		1,004,194	
<b>Total nonoperating revenues (expenses)</b>	<b>15,365,306</b>	<b>(308,000)</b>	<b>16,010,920</b>	<b>(1,085,000)</b>
<b>Income before other revenues, expenses, gains and losses</b>	<b>292,152</b>	<b>(308,000)</b>	<b>(3,626,554)</b>	<b>(1,085,000)</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations	12,970,887		474,857	
Capital gifts and grants			704,000	
<b>Total other revenues, expenses, gains and losses</b>	<b>12,970,887</b>		<b>1,178,857</b>	
<b>Increase (decrease) in net assets</b>	<b>13,263,039</b>	<b>(308,000)</b>	<b>(2,447,697)</b>	<b>(1,085,000)</b>
<b>Net assets - beginning of year</b>	<b>60,313,126</b>	<b>3,785,000</b>	<b>62,760,823</b>	<b>4,870,000</b>
<b>Net assets - end of year</b>	<b>\$73,576,165</b>	<b>\$3,477,000</b>	<b>\$60,313,126</b>	<b>\$3,785,000</b>

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Research contracts and grants	\$27,849,192	\$26,035,008
Payments to employees	(26,227,106)	(25,259,286)
Payments to suppliers and contractors	(17,307,548)	(14,772,422)
Other receipts (payments)	2,501,158	1,281,430
	<u>(13,184,304)</u>	<u>(12,715,270)</u>
<b>Net cash provided (used) by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	14,896,855	15,135,958
Other nonoperating gains and losses		(5,500)
	<u>14,896,855</u>	<u>15,130,458</u>
<b>Net cash provided (used) by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations	12,970,887	474,857
Capital grants and gifts received		704,000
Purchases of capital assets	(14,632,557)	(3,179,026)
Principal paid on debt and capital leases	(163,289)	(152,821)
Interest paid on debt and capital leases	(346,864)	(357,449)
Transfers (to) from other University System of Maryland institutions	609,972	1,367,185
	<u>(1,561,851)</u>	<u>(1,143,254)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	153,309	228,217
	<u>153,309</u>	<u>228,217</u>
<b>Net cash provided (used) by investing activities</b>		
<b>Net increase (decrease) in cash</b>	304,009	1,500,151
<b>Cash and cash equivalents - beginning of the year</b>	<u>9,356,422</u>	<u>7,856,271</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$9,660,431</u></u>	<u><u>\$9,356,422</u></u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$46,879,539	\$288,000	\$30,334,253	\$330,000
Accounts receivable, net	967,983	1,021,000	155,852	985,000
Prepaid expenses, deferred charges and other assets		19,000		50,000
Inter-institutional balances	2,115,755		12,395,076	
<b>Total current assets</b>	<b>49,963,277</b>	<b>1,328,000</b>	<b>42,885,181</b>	<b>1,365,000</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	80,232,313		468,490	
Endowment investments	9,292,406	21,575,000	8,722,910	22,713,000
Notes receivable, net		2,736,000		5,298,000
Other assets		1,168,000		1,143,000
Capital assets, net	32,814,219	2,150,000	22,290,555	2,083,000
<b>Total noncurrent assets</b>	<b>122,338,938</b>	<b>27,629,000</b>	<b>31,481,955</b>	<b>31,237,000</b>
<b>Total assets</b>	<b>\$172,302,215</b>	<b>\$28,957,000</b>	<b>\$74,367,136</b>	<b>\$32,602,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$2,592,282	\$815,000	\$2,662,969	\$1,023,000
Accrued workers compensation, current portion	16,740		15,190	
Accrued vacation costs, current portion	475,521		420,563	
Revenue bonds and notes payable, current portion	2,891,133		185,732	
<b>Total current liabilities</b>	<b>5,975,676</b>	<b>815,000</b>	<b>3,284,454</b>	<b>1,023,000</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	91,260		82,810	
Accrued vacation costs	603,832		651,052	
Other payables		5,571,000		5,622,000
Revenue bonds and notes payable, net	81,830,100		3,620,371	
<b>Total noncurrent liabilities</b>	<b>82,525,192</b>	<b>5,571,000</b>	<b>4,354,233</b>	<b>5,622,000</b>
<b>Total liabilities</b>	<b>88,500,868</b>	<b>6,386,000</b>	<b>7,638,687</b>	<b>6,645,000</b>
<b>NET ASSETS</b>				
Unrestricted	51,168,188	10,107,000	44,180,597	12,782,000
Invested in capital assets, net	28,755,030		18,484,452	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,579	6,154,000	347,579	4,164,000
Research		79,000		
Other	464,472	4,988,000	471,330	5,189,000
Expendable:				
Scholarships and fellowships	730,942	240,000	635,374	919,000
Research		172,000	89,559	
Capital projects			113,268	
Other	2,338,136	831,000	2,406,290	2,903,000
<b>Total net assets</b>	<b>83,804,347</b>	<b>22,571,000</b>	<b>66,728,449</b>	<b>25,957,000</b>
<b>Total liabilities and net assets</b>	<b>\$172,305,215</b>	<b>\$28,957,000</b>	<b>\$74,367,136</b>	<b>\$32,602,000</b>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$2,172,266			
State and local grants and contracts			\$461,735	
Nongovernmental grants and contracts	50,000		88,690	
Other operating revenues	21,098		10,284	
<b>Total operating revenues</b>	<b>2,243,364</b>		<b>560,709</b>	
<b>OPERATING EXPENSES:</b>				
Academic support	1,757,956		1,731,892	
Institutional support	12,586,969		12,585,540	
<b>Total operating expenses</b>	<b>14,344,925</b>		<b>14,317,432</b>	
<b>Operating income (loss)</b>	<b>(12,101,561)</b>		<b>(13,756,723)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations	10,681,241		11,161,783	
Gifts		\$35,000	45	\$1,082,000
Investment income	\$788,174	3,126,000	\$1,458,483	848,000
Less: Investment expense	(44,876)	743,298	(28,950)	
Interest on indebtedness	(1,998,177)		(2,356,458)	
Other affiliated foundation revenue		222,000		732,000
Other affiliated foundation expense		(6,769,000)		(3,625,000)
Transfers (to) from other University System of Maryland institutions	11,637,011		3,440,394	
<b>Total nonoperating revenues (expenses)</b>	<b>21,063,373</b>	<b>(3,386,000)</b>	<b>13,675,297</b>	<b>(963,000)</b>
<b>Income before other revenues, expenses, gains and losses</b>	<b>8,961,812</b>	<b>(3,386,000)</b>	<b>(81,426)</b>	<b>(963,000)</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES</b>				
Capital appropriations	9,045,196		4,486,320	
Capital gifts and grants	18,453			
Other gains and losses	(949,563)			
<b>Total other revenues, expenses, gains and losses</b>	<b>8,114,086</b>		<b>4,486,320</b>	
<b>Increase (decrease) in net assets</b>	<b>17,075,898</b>	<b>(3,386,000)</b>	<b>4,404,894</b>	<b>(963,000)</b>
<b>Net assets - beginning of year</b>	<b>66,728,449</b>	<b>25,957,000</b>	<b>62,323,555</b>	<b>26,920,000</b>
<b>Net assets - end of year</b>	<b>\$83,804,347</b>	<b>\$22,571,000</b>	<b>\$66,728,449</b>	<b>\$25,957,000</b>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Research contracts and grants	\$2,222,266	\$550,425
Payments to employees	(9,027,047)	(8,906,359)
Payments to suppliers and contractors	(3,000,491)	(4,263,857)
Other receipts (payments)	<u>(792,487)</u>	<u>192,405</u>
<b>Net cash provided (used) by operating activities</b>	<u>(10,597,759)</u>	<u>(12,427,386)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	10,681,241	11,161,783
Other nonoperating gains and losses	<u>(949,563)</u>	<u>45</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>9,731,678</u>	<u>11,161,828</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	97,487,006	18,359
Capital appropriations	9,045,196	4,486,320
Capital grants and gifts received	8,178	
Purchases of capital assets	(11,891,402)	(4,661,547)
Principal paid on debt and capital leases	(2,203,359)	(195,908)
Interest paid on debt and capital leases	(3,099,863)	(2,356,151)
Transfers (to) from other University System of Maryland institutions	<u>7,643,718</u>	<u>(5,242,129)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>96,989,474</u>	<u>(7,951,056)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	9,496,227	11,508,501
Interest on investments	(523,348)	1,117,503
Investment expense	(44,876)	(28,950)
Purchases of investments	<u>(8,742,287)</u>	<u>(10,768,325)</u>
<b>Net cash provided (used) by investing activities</b>	<u>185,716</u>	<u>1,828,729</u>
<b>Net increase (decrease) in cash</b>	96,309,109	(7,387,885)
<b>Cash and cash equivalents - beginning of the year</b>	<u>30,802,743</u>	<u>38,190,628</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$127,111,852</u></u>	<u><u>\$30,802,743</u></u>

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO SUPPLEMENTAL DATA YEARS ENDED JUNE 30, 2004 AND 2003

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#### ACCOUNTING AND REPORTING PRACTICES

##### **Supplemental data reporting units**

University System of Maryland Office (System Office), composed of the offices of the Chancellor and Vice Chancellors and their respective staffs, provides central executive and administrative services and supports and coordinates the efforts of the entire System. The expenses incurred in connection with these activities have not been allocated to the other units of the System and accordingly have been included in the financial records of the System Office.

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

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

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

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

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