

UNIVERSITY SYSTEM OF MARYLAND

Financial Statements and Supplemental Data

For the Years Ended June 30, 2005 and 2004, together with
Reports of Independent Public Accountants

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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 year ended June 30, 2005, 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 audit. The System financial statements as of and for the year ended June 30, 2004 were audited by other auditors whose report thereon dated November 5, 2004, expressed unqualified opinions on the basic financial statements of the System and its discretely presented component units.

We only audited the component unit financial statements of Coppin State College Development Foundation, Inc. We did not audit the other component unit financial statements. The component units we did not audit represent 99 percent of total assets, net assets and unrestricted revenues of the total component units. Those financial statements 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 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 estimated made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System and of its discretely presented component units as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States.

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 audit was 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 37 to 79 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. The supplemental information as of and for the year ended June 30, 2004 was audited by other auditors whose report thereon dated November 5, 2004, stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004, taken as a whole.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
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November 4, 2005

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2005 AND 2004

The management of the University System of Maryland (System), provides the 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, 2005 and 2004.

Financial Highlights

- Unrestricted net assets increased by \$82,631,535 for the year ended June 30, 2005, compared to an increase of \$122,020,679 for the year ended June 30, 2004.
- State appropriations legislated for the System increased by 1.5% for the year ended June 30, 2005, to \$757,697,687. For the year ended June 30, 2004, State appropriations decreased by more than 3% from the amount received in the year ended June 30, 2003.
- Tuition and fees, after deducting Scholarship allowances, increased by \$72,613,185, or just over 10%, for the year ended June 30, 2005. During the year ended June 30, 2004, net Tuition and fees increased by more than 11%, or \$71,400,082 .

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. 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 amounts reported at the end of the preceding year, to the amounts reported in the Balance Sheet as of 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'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

As of June 30, 2005, the System's financial health remains strong, with assets exceeding liabilities by \$2,923,424,012, shown on the Balance Sheet as Total Net Assets. This compares with Total Net Assets of \$2,690,834,947 as of June 30, 2004. As suggested earlier, when viewed over time, net assets may be a useful indicator of financial health.

For the year ended June 30, 2005, net assets increased by \$232,589,065. Net assets invested in capital assets, net of related debt, increased by \$123,065,446 while unrestricted net assets increased \$82,631,535, and temporarily restricted and permanently restricted net asset categories increased by \$26,892,084.

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 \$82,631,535 increase in unrestricted net assets for the year ended June 30, 2005 is attributable to the effect of tuition rate increases, and institutional efforts to limit expenditures.

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.

The table below presents summary-level information of the System's assets, liabilities, and net assets as of June 30, 2005, 2004 and 2003.

**University System of Maryland
Condensed Balance Sheet
June 30, 2005, 2004 and 2003**

	2005	2004	2003
Current and other assets	\$1,305,880,962	\$1,169,457,340	\$958,261,692
Capital assets, net	3,043,635,642	2,906,082,856	2,687,384,752
Total assets	\$4,349,516,604	\$4,075,540,196	\$3,645,646,444
Debt and obligations under capital lease agreements	\$1,000,726,570	\$998,072,894	\$855,142,186
Other liabilities	425,366,022	386,632,355	390,867,483
Total liabilities	1,426,092,592	1,384,705,249	1,246,009,669
Net assets:			
Invested in capital assets, net of related debt	2,111,737,452	1,988,672,006	1,832,242,566
Restricted	292,078,242	265,186,158	252,438,105
Unrestricted	519,608,318	436,976,783	314,956,104
Total net assets	2,923,424,012	2,690,834,947	2,399,636,775
Net assets and liabilities	\$4,349,516,604	\$4,075,540,196	\$3,645,646,444

The table below presents summary-level information on the changes in the System's net assets for the years ended June 30, 2005, 2004 and 2003.

**University System of Maryland
Condensed Statement of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2005, 2004 and 2003**

	2005	2004	2003
Operating revenues	\$2,248,846,196	\$2,032,432,074	\$1,933,031,744
Operating expenses	2,921,734,853	2,709,723,102	2,701,201,945
Operating loss	(672,888,657)	(677,291,028)	(768,170,201)
State appropriations	757,697,687	746,207,049	771,877,201
Other nonoperating revenues and expenses, net	9,341,384	28,115,035	23,873,102
Total nonoperating revenues and expenses	767,039,071	774,322,084	795,750,303
Income before other revenues, expenses, gains and losses	94,150,414	97,031,056	27,580,102
Other revenues, expenses, gains and losses	138,438,651	194,167,116	217,397,552
Increase in net assets	232,589,065	291,198,172	244,977,654
Net assets, beginning of year	2,690,834,947	2,399,636,775	2,154,659,121
Net assets, end of year	\$2,923,424,012	\$2,690,834,947	\$2,399,636,775

The System's Operating Revenues arise from activities associated with its core mission; education, research, and public service.

For the years ended June 30, 2005, 2004 and 2003, Operating Revenues, which under the definitions used by GASB excludes State Appropriations, are detailed:

	2005		2004		2003	
	\$	%	\$	%	\$	%
Tuition and fees	\$778,134,041	34.6%	\$705,520,856	34.7%	\$634,120,774	32.8%
Contracts and grants	939,758,087	41.8	825,688,567	40.6	820,017,889	42.4
Sales and services of educational departments	123,093,411	5.5	117,769,547	5.8	110,045,910	5.7
Auxiliary enterprises	366,320,070	16.3	348,961,049	17.2	322,256,423	16.7
Other operating	41,540,587	1.8	34,492,055	1.7	46,590,748	2.4
Total	\$2,248,846,196	100.0%	\$2,032,432,074	100.0%	\$1,933,031,744	100.0%

Tuition and fees reflect the increases in tuition rates and other student charges enacted for the years ended June 30, 2005 and 2004, 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 6% for the year ended June 30, 2005 over the previous year, in large part due to increased health care costs, as well as higher levels of enrollment and contract and grant activities. 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, 2005, 2004 and 2003, Operating Expenses are detailed below:

	2005		2004		2003	
	\$	%	\$	%	\$	%
Instruction	\$869,673,111	29.8%	\$803,837,622	29.7%	\$807,051,018	29.9%
Research	632,174,672	21.6	561,607,859	20.7	556,109,081	20.6
Public service	144,607,847	4.9	141,205,563	5.2	157,652,331	5.8
Academic support	244,763,075	8.4	229,764,549	8.5	232,637,110	8.6
Student services	114,500,690	3.9	102,587,413	3.8	102,421,943	3.8
Institutional support	273,307,526	9.4	271,023,443	10.0	258,672,693	9.5
Operation and maintenance of plant	205,809,540	7.0	195,529,348	7.2	180,072,055	6.7
Scholarships and fellowships	47,685,438	1.6	44,144,996	1.6	47,721,086	1.8
Auxiliary enterprises	327,272,662	11.3	303,813,451	11.2	312,842,271	11.6
Hospital	61,940,292	2.1	56,208,858	2.1	46,022,357	1.7
Total	\$2,921,734,853	100.0%	\$2,709,723,102	100.0%	\$2,701,201,945	100.0%

Capital Asset and Debt Administration

The System added \$291,592,694 in new capital assets during the year ended June 30, 2005. Of these additions, \$130,931,582 was funded through the use of State of Maryland debt proceeds or

cash balances, \$78,643,881 was funded from the proceeds of System debt obligations, and the balance of \$82,017,231 was purchased using System cash balances or received as donations.

During the year ended June 30, 2005, several significant projects were completed and placed in service. The \$55 million Kim Engineering Building, at the University of Maryland College Park, is a cutting-edge facility that will help place the institution at the forefront of engineering instruction nationwide. At the University of Maryland Eastern Shore, a new \$36 million Social Science, Education and Health Sciences Building opened, representing a significant addition to the educational facilities of Maryland's eastern shore. A \$33 million project renovating and expanding the Chemistry Building at the University of Maryland Baltimore County will enhance the institution's position as a pre-eminent educational and research institution. The \$27 million Riggs Alumni Center, at the University of Maryland College Park, will enable enhancement of alumni relations and provide a central base of operations for the fundraising effort.

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, and the balance of \$92,215,571 was 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. 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.

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, 2005, the System refinanced approximately \$128,570,000 of previously issued Revenue Bonds, as a part of the use of \$174,910,000 of 2005 Series A & B Revenue Bonds issued in February 2005. The refinancing resulted in a reduction in future principal and interest payments by more than \$8,000,000, in present value.

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. The refinancing resulted in a reduction in future principal and interest payments by

almost \$12,800,000, in present value. 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.

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 continued increases in 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. 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 grant revenues, particularly in the health sciences.

Enrollment has risen significantly in recent years with the System institutions adding more than 15,000 students in the last five years. Despite these increases however, enrollment increases fell well short of the enormous demand for enrollment in Maryland created by the so-called "Baby Boom Echo." The System institutions enrollment have been constrained in this period by two factors: increased selectivity at some System institutions (reflected in falling acceptance rates) and increased price sensitivity by potential students in the face of rapidly rising tuition (reflected in falling yield rates of those accepted). The demand environment for the next several years will remain very favorable for rising enrollment levels. By 2009, because of the "Baby Boom Echo," there will be more college-aged persons in Maryland than at any point since the late 1970's; even more so as the desire to achieve a university education is much higher than it was during that earlier population boom. This will create the greatest demand for enrollment that the System has ever experienced.

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, 2005 AND 2004**

	June 30,	
	2005	2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$694,340,541	\$583,359,185
Accounts receivable, net	218,090,982	206,372,880
Notes receivable, current portion	13,465,254	12,333,692
Inventories	9,318,908	10,319,093
Prepaid expenses	3,784,883	3,770,825
Deferred charges	396,113	113,705
	Total current assets	816,269,380
Noncurrent assets:		
Restricted cash and cash equivalents	99,717,187	93,057,152
Endowment investments	147,813,301	188,050,805
Restricted investments	52,143,202	
Other investments	2,356,543	17,303,008
Notes receivable, net	64,454,048	54,776,995
Capital assets, net	3,043,635,642	2,906,082,856
	Total noncurrent assets	3,259,270,816
	Total assets	\$4,075,540,196
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$192,158,017	\$178,056,825
Accrued workers compensation, current portion	3,713,180	4,001,170
Accrued vacation costs, current portion	60,927,181	43,172,081
Revenue bonds and notes payable, current portion	65,175,972	50,321,584
Obligations under capital lease agreements, current portion	186,426	174,476
Deferred revenue	80,088,222	62,805,518
	Total current liabilities	338,531,654
Noncurrent liabilities:		
Accrued workers compensation	20,242,820	21,812,830
Accrued vacation costs	68,236,602	76,783,931
Revenue bonds and notes payable	930,672,019	942,698,255
Obligations under capital lease agreements	4,692,153	4,878,579
	Total noncurrent liabilities	1,046,173,595
	Total liabilities	1,384,705,249
NET ASSETS		
Unrestricted	519,608,318	436,976,783
Invested in capital assets, net of related debt	2,111,737,452	1,988,672,006
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,016,705	10,128,568
Research	3,687,911	3,642,483
Other	14,637,370	14,629,708
Expendable:		
Scholarships and fellowships	35,300,769	36,154,593
Research	83,749,493	99,119,372
Loans	81,320,328	64,579,720
Capital projects	31,314,837	5,433,198
Other	31,050,829	31,498,516
	Total net assets	2,690,834,947
	Total liabilities and net assets	\$4,075,540,196

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, COMPONENT UNITS
JUNE 30, 2005**

	Major Component Units-----			Nonmajor 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
ASSETS																	
Current assets																	
Cash & cash equivalents	\$23,572,423	\$460,000	\$15,442,957	\$40,388	\$385,505	\$393,156	\$973,536	\$567,355	\$1,116,458	\$86,932	\$1,018,737	\$1,741,575	\$228,385	\$290,959	\$624,257		\$202,223
Accounts receivable	70,557,641	23,911,000	16,724,484	6,000,120	572,035		938,121	211,216	7,504,932	461,642	106,702	9,829,544	95,774	4,907	4,155,679	\$41,485	
Investments	92,322,082				4,312,452	1,837,180	1,701,257	3,512,851	21,452,469	9,003,694		28,611,440	21,789,829		100,910		
Other assets	1,283,790	589,000	15,793		172,373	3,438	3,230	10,607		353,705	2,495			5,172	127,977		
Total current assets	187,735,936	24,960,000	32,183,234	6,040,508	5,442,365	2,233,774	3,616,144	4,302,029	30,073,859	9,905,973	1,127,934	40,182,559	22,113,988	301,038	5,008,823	41,485	202,223
Investments																	
Investments	505,321,614	262,757,000	143,461,606	80,655,785			242,888				7,496,698	3,503,596	5,576,638	1,627,403			
Total investments	505,321,614	262,757,000	143,461,606	80,655,785			242,888				7,496,698	3,503,596	5,576,638	1,627,403			
Other assets																	
Accounts receivable	69,518,363	11,855,000	49,234,656	8,372,017								56,690					
Capital assets, net	17,797,950	6,948,000			27,228			1,829,545	408		1,289,724	4,555,238	167,910	2,587	3,733	2,973,577	
Assets held for sale	2,754,000	2,754,000															
Other assets	3,354,481	332,000		2,849,973		18,822						153,686					
Total other assets	93,424,794	21,889,000	49,234,656	11,221,990	27,228	18,822		1,829,545	408		1,289,724	4,765,614	167,910	2,587	3,733	2,973,577	
Total assets	\$786,482,344	\$309,606,000	\$224,879,496	\$97,918,283	\$5,469,593	\$2,252,596	\$3,859,032	\$4,302,029	\$31,903,404	\$9,906,381	\$8,624,632	\$44,975,879	\$32,456,240	\$2,096,351	\$5,011,410	\$45,218	\$3,175,800
LIABILITIES																	
Current liabilities																	
Accounts payable & accrued expenses	\$14,835,730	\$5,145,000	\$1,905,327	\$246,089	\$6,836	\$55,000	\$287,508	\$44,486	\$179,195	\$28,374	\$55,514	\$672,377	\$1,163,622	\$198,927	\$4,829,401	\$9,911	\$8,163
Long term debt, current	171,252											100,000			25,000	46,252	
Deferred income	2,585,827	79,000	1,569,376		40,440		36,020					19,563		75,000	6,269	760,159	
Total current liabilities	17,592,809	5,224,000	3,474,703	246,089	47,276	55,000	323,528	44,486	179,195	28,374	55,514	672,377	1,283,185	198,927	4,904,401	41,180	814,574
Other liabilities																	
Other payables	17,704,065	10,913,000	1,971,246	569,011		160,000						3,712,695					378,113
Long term debt, noncurrent	1,526,736											790,971					735,765
Total other liabilities	19,230,801	10,913,000	1,971,246	569,011		160,000						4,503,666					1,113,878
Total liabilities	36,823,610	16,137,000	5,445,949	815,100	47,276	215,000	323,528	44,486	179,195	28,374	55,514	672,377	5,786,851	198,927	4,904,401	41,180	1,928,452
NET ASSETS																	
Unrestricted	94,554,572	54,044,000	2,318,993	13,979,420	1,407,538	2,037,596	3,335,504	193,224	2,626,255	147,105	90,261	10,104,924	2,601,646	309,711	107,009	4,038	1,247,348
Temporarily restricted																	
Scholarships & fellowships	50,593,177	12,358,000	29,925,118	4,666,927					2,065,062			879,308	698,762				
Research	17,853,279	8,593,000	3,403,704	5,834,906					7,595			14,074					
Other	169,896,520	40,952,000	69,007,186	30,716,230	4,014,779		200,000	440,827	5,207,062	9,730,902	960,522	4,105,801	4,475,735	85,476			
Permanently restricted																	
Scholarships & fellowships	150,395,739	85,520,000	31,308,636	7,842,472					10,661,964			9,885,176	5,028,499	148,992			
Research	2,583,472	1,098,000	845,338	92,770					6,710			540,654					
Other	263,781,975	90,904,000	82,624,572	33,970,458				3,623,492	11,149,561		7,518,335	19,328,293	13,310,019	1,353,245			
Total net assets	749,658,734	293,469,000	219,433,547	97,103,183	5,422,317	2,037,596	3,535,504	4,257,543	31,724,209	9,878,007	8,569,118	44,303,502	26,669,389	1,897,424	107,009	4,038	1,247,348
Total liabilities & net assets	\$786,482,344	\$309,606,000	\$224,879,496	\$97,918,283	\$5,469,593	\$2,252,596	\$3,859,032	\$4,302,029	\$31,903,404	\$9,906,381	\$8,624,632	\$44,975,879	\$32,456,240	\$2,096,351	\$5,011,410	\$45,218	\$3,175,800

See accompanying notes.

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

	Major Component Units-----				Nonmajor 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
ASSETS																	
Current assets																	
Cash & 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
Investments																	
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			
Other assets																	
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
LIABILITIES																	
Current liabilities																	
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
Other liabilities																	
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
NET ASSETS																	
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
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			2004
	2005			2004
OPERATING REVENUES:				
Tuition and fees	\$910,670,248			\$835,120,699
Less: scholarship allowances	(132,536,207)	\$778,134,041	(129,599,843)	\$705,520,856
Federal grants and contracts		607,801,206		514,739,981
State and local grants and contracts		134,772,691		134,493,070
Nongovernmental grants and contracts		197,184,190		176,455,516
Sales and services of educational departments		123,093,411		117,769,547
Auxiliary enterprises:				
Residential facilities	97,620,270		92,147,143	
Less: scholarship allowances	(8,448,041)	89,172,229	(9,092,233)	83,054,910
Dining facilities	77,674,356		73,425,757	
Less: scholarship allowances	(3,967,338)	73,707,018	(4,014,917)	69,410,840
Intercollegiate athletics	64,840,167		59,359,632	
Less: scholarship allowances	(1,992,526)	62,847,641	(1,948,672)	57,410,960
Bookstores	32,940,776		32,143,860	
Less: scholarship allowances	(70,390)	32,870,386	(75,153)	32,068,707
Parking facilities		29,333,696		27,786,052
Other auxiliary enterprises revenues	78,395,606		79,298,011	
Less: scholarship allowances	(6,506)	78,389,100	(68,431)	79,229,580
Other operating revenues		41,540,587		34,492,055
Total operating revenues		2,248,846,196		2,032,432,074
OPERATING EXPENSES:				
Instruction		869,673,111		803,837,622
Research		632,174,672		561,607,859
Public service		144,607,847		141,205,563
Academic support		244,763,075		229,764,549
Student services		114,500,690		102,587,413
Institutional support		273,307,526		271,023,443
Operation and maintenance of plant		205,809,540		195,529,348
Scholarships and fellowships		47,685,438		44,144,996
Auxiliary enterprises:				
Residential facilities		82,980,186		76,020,789
Dining facilities		64,794,484		61,721,346
Intercollegiate athletics		62,444,907		58,216,376
Bookstores		30,580,773		30,137,069
Parking facilities		20,782,515		21,044,692
Other auxiliary enterprises expenses		65,689,797		56,673,179
Hospital		61,940,292		56,208,858
Total operating expenses		2,921,734,853		2,709,723,102
Operating loss		(672,888,657)		(677,291,028)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		757,697,687		746,207,049
Gifts		13,789,162		14,951,158
Investment income	40,992,676		39,986,751	
Less: Investment expense	(915,966)	40,076,710	(901,541)	39,085,210
Interest on indebtedness		(43,750,396)		(38,995,889)
Other nonoperating revenues (expenses)		(774,092)		13,074,556
Total nonoperating revenue (expenses)		767,039,071		774,322,084
Income before other revenues, expenses, gains and losses		94,150,414		97,031,056
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		130,931,582		176,168,720
Capital gifts and grants		11,050,719		14,285,353
Additions to permanent endowments		439,649		4,479,481
Other gains and losses		(3,983,299)		(766,438)
Total other revenues, expenses, gains and losses		138,438,651		194,167,116
Increase in net assets		232,589,065		291,198,172
Net assets - beginning of year		2,690,834,947		2,399,636,775
Net assets - end of year		\$2,923,424,012		\$2,690,834,947

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2005

	Major Component Units-----				Nonmajor 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
CHANGES IN UNRESTRICTED NET ASSETS																	
Revenues																	
Contributions & grants	\$14,554,985	\$5,011,000	\$124,747	\$2,964,823	\$951,594	\$2,360	\$2,507	\$8,691	\$651,420	\$152,997	\$807,462	\$2,324,478	\$143,973	\$50,009	\$844,510	\$514,414	
Investment income	15,830,195	9,824,000	2,473,332	1,454,223	5,943	210,885	74,812	13,373	194,117	123,773	185	1,021,132	334,310	97,207			\$2,903
Other income	11,302,966	3,795,000	794,895	567,442	313,429	125,695	2,160,433		7,087	17,891	89,047	926,257	344,900	168,885	1,879,583	20,994	91,428
Assets released from restrictions	96,489,786	26,842,000	33,297,045	12,877,863	161,397			522,546	1,824,775	1,932,041	667,443	2,775,783	2,576,982	278,264	12,733,647		
Total revenues	138,177,932	45,472,000	36,690,019	17,864,351	1,432,363	338,940	2,237,752	544,610	2,677,399	2,226,702	1,564,137	7,047,650	3,400,165	594,365	15,457,740	535,408	94,331
Expenses																	
Program	102,346,965	22,826,000	33,236,049	18,627,567	783,407	45,532	1,211,238	441,039	2,070,705	163,259	562,183	3,420,645	2,636,207	256,936	15,569,330	496,868	
General & administrative	19,991,171	16,187,000	629,144	592,350	230,213	21,766	133,668	74,330	339,935		873,266	21,000	316,665	144,405	405,102	22,327	
Fundraising	6,492,110	4,697,000	684,013	389,438	178,435				272,075		16,690	138,745	115,714				
Other expense	4,972,206	2,562,000					320,699			1,965,678							123,829
Total expenses	133,802,452	46,272,000	34,549,206	19,609,355	1,192,055	67,298	1,665,605	515,369	2,682,715	2,128,937	1,452,139	3,580,390	3,068,586	401,341	15,974,432	519,195	123,829
Change in unrestricted net assets	4,375,480	(800,000)	2,140,813	(1,745,004)	240,308	271,642	572,147	29,241	(5,316)	97,765	111,998	3,467,260	331,579	193,024	(516,692)	16,213	(29,498)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																	
Revenues																	
Contributions & grants	106,051,887	12,010,000	60,868,718	12,522,316	9,526		200,000	349,167	1,503,489	986,655	778,492	2,618,942	1,372,296	98,639	12,733,647		
Investment income	44,149,271	19,038,000	15,938,668	5,250,327	402,345			61,289	1,106,874	941,607	331,580	1,023,969	54,612				
Other income	2,289,968								573,906	571,209	68,857	480,070	595,926				
Assets released from restrictions	(95,482,564)	(26,842,000)	(33,297,045)	(12,877,863)	(161,397)			(522,546)	(1,824,775)	(1,932,041)	(667,443)	(2,775,783)	(1,569,760)	(278,264)	(12,733,647)		
Total revenues	57,008,562	4,206,000	43,510,341	4,894,780	250,474		200,000	(112,090)	1,359,494	567,430	511,486	1,347,198	453,074	(179,625)			
Expenses																	
Program	1,387,911										1,387,911						
Total expenses	1,387,911										1,387,911						
Change in temporarily restricted net assets	55,620,651	4,206,000	43,510,341	4,894,780	250,474		200,000	(112,090)	1,359,494	(820,481)	511,486	1,347,198	453,074	(179,625)			
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS																	
Contributions & grants	41,589,091	10,558,000	9,882,273	7,058,622				492,997	10,569,553		923,181	353,083	1,650,702	100,680			
Investment income	9,018,380	7,247,000	(76,546)	952,221					3,307			1,158,674	(299,736)	33,460			
Other income	7,685								7,685								
Assets released from restrictions	(1,007,222)												(1,007,222)				
Change in permanently restricted net assets	49,607,934	17,805,000	9,805,727	8,010,843				492,997	10,580,545		923,181	1,511,757	343,744	134,140			
Total change in net assets	109,604,065	21,211,000	55,456,881	11,160,619	490,782	271,642	772,147	410,148	11,934,723	(722,716)	1,546,665	6,326,215	1,128,397	147,539	(516,692)	16,213	(29,498)
Net assets(deficit) - beginning 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
Net assets(deficit) - end of year	\$749,658,734	\$293,469,000	\$219,433,547	\$97,103,183	\$5,422,317	\$2,037,596	\$3,535,504	\$4,257,543	\$31,724,209	\$9,878,007	\$8,569,118	\$44,303,502	\$26,669,389	\$1,897,424	\$107,009	\$4,038	\$1,247,348

See accompanying notes.

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

	Major Component Units-----				Nonmajor 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
CHANGES IN UNRESTRICTED NET ASSETS																	
Revenues																	
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		
Total revenues	122,380,139	40,578,483	27,832,820	20,656,218	1,570,185	335,531	2,063,879	284,997	2,233,845	124,475	816,926	5,889,386	4,407,022	559,653	14,410,053	489,852	126,814
Expenses																	
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
Total expenses	118,853,084	40,486,483	28,685,528	21,115,394	1,544,072	82,953	1,483,290	221,788	2,007,603	166,327	894,402	2,986,135	3,419,673	488,880	14,502,796	668,795	98,965
Change in unrestricted net assets	3,527,055	92,000	(852,708)	(459,176)	26,113	252,578	580,589	63,209	226,242	(41,852)	(77,476)	2,903,251	987,349	70,773	(92,743)	(178,943)	27,849
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																	
Revenues																	
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)		
Total revenues	31,252,487	11,235,000	11,066,077	2,550,243	856,116			104,298	1,767,991	2,743,310	131,126	908,501	(72,869)	(37,306)			
Expenses																	
Program	1,335,239										1,335,239						
Other expense	338							338									
Total expenses	1,335,577							338			1,335,239						
Change in temporarily restricted net assets	29,916,910	11,235,000	11,066,077	2,550,243	856,116			103,960	1,767,991	1,408,071	131,126	908,501	(72,869)	(37,306)			
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS																	
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)				
Change in permanently restricted net assets	31,765,416	9,787,000	8,030,289	7,479,120				346,413	882,739		1,574,836	1,882,575	1,645,617	136,827			
Total change in net assets	65,209,381	21,114,000	18,243,658	9,570,187	882,229	252,578	580,589	513,582	2,876,972	1,366,219	1,628,486	5,694,327	2,560,097	170,294	(92,743)	(178,943)	27,849
Net assets(deficit) - 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) - 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.
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**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$785,480,525	\$705,588,950
Research contracts and grants	933,177,134	794,856,188
Payments to employees	(1,914,027,631)	(1,813,939,307)
Payments to suppliers and contractors	(836,140,131)	(755,399,873)
Loans issued to students	(25,895,622)	(15,650,256)
Collections of loans to students	14,839,968	13,736,644
Auxiliary enterprises:		
Residential facilities	88,209,116	81,221,580
Dining facilities	73,992,960	64,286,214
Intercollegiate athletics	62,265,192	54,076,688
Bookstores	32,216,638	36,444,494
Parking facilities	33,572,647	31,744,883
Other	77,042,742	78,066,917
Other receipts	<u>173,533,879</u>	<u>143,242,968</u>
Net cash used by operating activities	<u>(501,732,583)</u>	<u>(581,723,910)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	757,697,687	746,207,049
Nonoperating gifts	13,789,162	14,951,158
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	439,649	4,479,481
Other nonoperating gains and losses	<u>10,173,807</u>	<u>12,754,703</u>
Net cash provided by noncapital financing activities	<u>782,100,305</u>	<u>778,392,391</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	182,465,679	352,693,251
Capital appropriations	130,931,582	176,168,720
Capital grants and gifts received	6,061,893	12,862,460
Proceeds from sales of capital assets	649,991	6,421,206
Purchases of capital assets	(286,606,364)	(369,935,799)
Principal paid on debt and capital leases	(179,078,251)	(210,073,230)
Interest paid on debt and capital leases	<u>(45,163,451)</u>	<u>(42,677,427)</u>
Net cash used by capital and related financing activities	<u>(190,738,921)</u>	<u>(74,540,819)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	163,371,843	171,770,379
Interest on investments	32,771,927	23,486,176
Investment expense	(912,599)	(596,908)
Purchases of investments	<u>(167,218,581)</u>	<u>(175,901,580)</u>
Net cash provided by investing activities	<u>28,012,590</u>	<u>18,758,067</u>
Net increase (decrease) in cash	117,641,391	140,885,729
Cash and cash equivalents - beginning of the year	<u>676,416,337</u>	<u>535,530,608</u>
Cash and cash equivalents - end of the year	<u><u>\$794,057,728</u></u>	<u><u>\$676,416,337</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	(\$672,888,657)	(\$677,291,028)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	152,604,680	142,125,689
Changes in assets and liabilities:		
Accounts receivables, net	(11,718,102)	(45,924,229)
Inventories	1,000,185	(429,526)
Prepaid expenses and deferred charges	(296,466)	(1,454,827)
Notes receivable	(10,808,615)	(2,062,598)
Capital assets	1,501,829	9,000,707
Accounts payable and accrued liabilities	14,240,088	(26,224,231)
Deferred revenue	17,282,704	15,332,730
Accrued vacation	9,207,771	2,317,403
Accrued workers compensation	<u>(1,858,000)</u>	<u>2,886,000</u>
Net cash used by operating activities	<u><u>(\$501,732,583)</u></u>	<u><u>(\$581,723,910)</u></u>

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2005 AND 2004

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

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 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 shown in a discrete presentation.

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

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, 2005 and 2004, the foundations distributed approximately \$59,000,000 and \$60,000,000, 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, 2004 have been reclassified to conform with the presentation of revenues, expenses and other changes in net assets for the year ended June 30, 2005.

Pending change in accounting principles – 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.

In December 2004, *GASB Statement #46, Net Assets Restricted by Enabling Legislation—an amendment of GASB Statement #34*, was issued. This statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. 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, 2007 in accordance with the new requirements.

In June, 2005, *GASB Statement #47, Accounting for Termination Benefits*, was issued. This statement will require employers to record a liability for payments and benefits associated with voluntary and involuntary plans which result in the termination of employees. 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, 2007 in accordance with the new requirements.

1. CASH AND INVESTMENTS

Cash and cash equivalents

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

	<u>2005</u>	<u>2004</u>
Cash and short-term investments on deposit with the State Treasurer	\$672,149,356	\$570,525,766
Demand and time deposits	16,263,889	7,279,158
Money market accounts	105,644,483	98,611,413
Total	<u>\$794,057,728</u>	<u>\$676,416,337</u>

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

As of June 30, 2005, and 2004 the carrying amount of the System's demand and time deposits was \$16,263,889 and \$7,279,158, as compared to bank balances of \$21,768,379 and \$11,685,019, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$20,326,451 and \$11,216,732 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 \$1,441,928 and \$468,287 was uninsured and uncollateralized as of June 30, 2005 and 2004, respectively.

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

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

- United States Treasury and agency obligations.
- Deposits, having a maturity of 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.

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

	2005	2004
Demand deposits – Endowment funds uninvested cash	\$51,403,848	7,966,286
Money market accounts – unspent proceeds of debt	48,313,339	85,090,866
Total	<u>\$99,717,187</u>	<u>\$93,057,152</u>

Investments

The System discloses investment risks, below, in accordance with *GASB Statement #40, Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, which defines these risks as follows:

Interest rate risk

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

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

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the System's name.

None of the System's investment securities are exposed to custodial credit risk.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, the credit quality of the System's securities investments is as follows (U.S. government and agency obligations are assumed to not present credit risk):

Moody's Rating	Fair Value as of June 30, 2005	Fair Value as of June 30, 2004
Aaa	\$5,871,913	\$4,738,231
Aa1		93,789
Aa2		164,734
Aa3	1,333,486	851,849
A1	2,359,082	1,612,124
A2	3,054,081	2,650,106
A3	3,188,247	3,942,802
Baa1	2,973,748	2,162,395
Baa2	2,972,909	2,816,960
Baa3	351,959	2,213,316
Ba1		159,491
Ba2		42,050
Ba3		33,775
B1	125,731	112,525
B2	37,450	
B3	210,228	290,255
Caa1	36,050	31,413
Unrated	204,172	284,749
	<u>\$22,719,056</u>	<u>\$22,200,564</u>

As of June 30, 2005, investments consist of:

	Fair value	Investment maturities					More than 15 years
		Not applicable / Not stated	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	
U.S government and agency obligations	\$67,275,270	\$52,143,202	\$252,345	\$4,656,189	\$5,489,878		\$4,733,656
Asset-backed securities	3,202,134			586,548		\$1,051,341	1,564,245
Collateralized mortgage obligations	2,339,331			820,254	67,629		1,451,448
Corporate debt	17,177,591	132,587	726,883	9,266,962	5,982,861		1,068,298
Corporate equities	112,318,720	112,318,720					
Total	\$202,313,046	\$164,594,509	\$979,228	\$15,329,953	\$11,540,368	\$1,051,341	\$8,817,647

As of June 30, 2004, investments consist of:

	Fair value	Investment maturities					More than 15 years
		Not applicable / Not stated	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	
U.S government and agency obligations	\$12,777,953		\$248,283	\$4,281,752	\$4,095,521		\$4,152,397
Asset-backed securities	1,416,621			654,462	131,374		630,785
Collateralized mortgage obligations	2,358,807			864,550			1,494,257
Corporate debt	18,425,136		812,116	6,898,419	7,276,864	\$115,882	3,321,855
Corporate equities	153,072,288	\$153,072,288					
Patent & other	17,303,008	17,303,008					
Total	\$205,353,813	\$170,375,296	\$1,060,399	\$12,699,183	\$11,503,759	\$115,882	\$9,599,294

Foreign currency risk

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

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

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in the securities of a single issuer.

As of June 30, the System has the following investments which individually represent 5 percent or more of the total investments:

	2005	Portion of total
	Fair value	
Federal Home Loan Mortgage Corporation	\$14,546,155	7.2%
Federal National Mortgage Association	24,541,513	12.1
Federal Home Loan Bank	19,035,411	9.4

There were no investments which individually represent 5 percent or more of total investments as of June 30, 2004.

Endowment investments

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

	<u>2005</u>	<u>2004</u>
U.S. government and agency obligations	\$15,132,068	\$12,777,953
Collateralized mortgage obligations	2,339,331	2,358,807
Asset-backed securities	3,202,134	2,125,615
Corporate debt	17,177,591	17,716,142
Corporate equities	109,962,177	153,072,288
Total	<u>\$147,813,301</u>	<u>\$188,050,805</u>

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

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. As of June 30, 2005 and 2004, the System had investments in asset-backed securities of \$5,541,465 and \$4,484,422, representing 3.8% and 2.4% of total Endowment investments, including collateralized mortgage obligations of \$2,339,331 and \$2,358,810, respectively.

A spending rule has been adopted by the Board to ensure that endowment funds retain a consistent level of purchasing power over time. The spending rule provides for a target rate of spending of 5.0 percent of a rolling twelve-quarter average market value of the endowment fund. The spending rule is reviewed periodically by the Finance Committee of the Board. Net appreciation on investments of the endowment funds approximates \$150,776,000 and \$148,600,000 as of June 30, 2005 and 2004, 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.

Allocation of investment income

Investment income is assigned to the accounting funds, including Endowments, in proportions associated with investments held by the various accounting funds. For the years ended June 30, 2005 and 2004, investment income attributed to unrestricted funds and restricted funds was:

	<u>2005</u>	<u>2004</u>
Unrestricted funds	\$28,553,564	\$19,823,821
Restricted funds	12,439,112	20,162,930
	<u>\$40,992,676</u>	<u>\$39,986,751</u>
Total investment income		

Major component units

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

As of June 30, 2005 and 2004, major component unit investments, recorded at fair value, are:

	<u>2005</u>	<u>2004</u>
Money market funds and short-term investments	\$4,062,146	\$41,401,733
Corporate and foreign bonds	39,613,661	44,140,014
Equities	120,173,364	142,739,055
U.S. Treasury notes and bonds	9,906,829	16,079,304
U.S. Agencies	6,932,039	9,999,103
Collateral mortgage obligations and asset-backed securities	13,695,265	9,901,988
Absolute return and market neutral funds	95,072,305	59,467,148
Long and short equity hedge funds	109,794,215	48,533,068
Private capital	36,231,814	28,020,720
Real estate	51,392,753	25,226,266
	<hr/>	<hr/>
Total	\$486,874,391	\$425,508,399

2. CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2005 and 2004 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, 2005 and 2004 was \$44,669,599 and \$39,905,499, respectively. Interest expense of \$919,203 and \$909,610 associated with projects not yet completed was recorded as construction in progress during the years ended June 30, 2005 and 2004, respectively. The remaining \$43,750,396 and \$38,995,889 is reported as Interest on indebtedness for the years ended June 30, 2005 and 2004, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

	July 1, 2003			June 30, 2004			June 30, 2005
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
Capital assets being depreciated:							
Infrastructure & Land Improvements	\$169,454,984	\$13,937,022	\$123,342	\$183,268,664	\$8,680,317		\$191,948,981
Buildings & Improvements	2,876,319,477	372,193,588	3,065,211	3,245,447,854	205,713,935	\$2,906,637	3,448,255,152
Contents	661,300,876	69,229,066	21,843,268	708,686,674	85,079,832	2,207,592	791,558,914
Facilities recorded under capital lease agreements	4,136,104			4,136,104			4,136,104
Total capital assets being depreciated	3,711,211,441	455,359,676	25,031,821	4,141,539,296	299,474,084	5,114,229	4,435,899,151
Less accumulated depreciation for:							
Infrastructure & Land Improvements	73,880,083	9,607,307		83,487,390	7,695,983		91,183,373
Buildings & Improvements	1,014,079,757	81,097,782	3,065,211	1,092,112,328	89,983,396	2,901,223	1,179,194,501
Contents	439,976,079	51,233,487	13,180,947	478,028,619	54,787,426	11,959,849	520,856,196
Facilities recorded under capital lease agreements	1,743,137	187,113		1,930,250	137,875		2,068,125
Total accumulated depreciation	1,529,679,056	142,125,689	16,246,158	1,655,558,587	152,604,680	14,861,072	1,793,302,195
Total capital assets being depreciated, net	2,181,532,385	313,233,987	8,785,663	2,485,980,709	146,869,404	(9,746,843)	2,642,596,956
Capital assets not being depreciated:							
Land	80,906,050	21,084,665	4,396,111	97,594,604	5,557,778	37,229	103,115,153
Contents	16,703,364	2,766,122	5,220	19,464,266	2,448,510	11,144,842	10,767,934
Construction in progress	408,242,953	183,241,232	288,440,908	303,043,277	140,848,669	156,736,347	287,155,599
Total capital assets not being depreciated	505,852,367	207,092,019	292,842,239	420,102,147	148,854,957	167,918,418	401,038,686
Capital assets, net	\$2,687,384,752	\$520,326,006	\$301,627,902	\$2,906,082,856	\$295,724,361	\$158,171,575	\$3,043,635,642

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

Accounts receivable as of June 30, 2005 and 2004 were comprised of:

	<u>2005</u>	<u>2004</u>
Tuition and fees	\$96,329,995	\$90,605,112
Contracts and grants	122,888,307	114,345,909
Other	17,745,382	18,199,908
	<hr/>	
Subtotal	236,963,684	223,150,929
Allowance for doubtful accounts	(18,872,702)	(16,778,049)
	<hr/>	
Accounts receivable, net	<u>\$218,090,982</u>	<u>\$206,372,880</u>

Notes receivable as of June 30, 2005 and 2004 were comprised of:

	<u>2005</u>	<u>2004</u>
Student loans	\$74,630,137	\$71,438,138
Business development loans	13,298,513	5,291,051
	<hr/>	
Subtotal	87,928,650	76,729,189
Allowance for doubtful notes	(10,009,348)	(9,618,502)
	<hr/>	
Notes receivable, net	<u>\$77,919,302</u>	<u>\$67,110,687</u>

Accounts payable and accrued liabilities as of June 30, 2005 and 2004 were comprised of:

	<u>2005</u>	<u>2004</u>
Payroll and benefits	\$99,630,464	\$88,839,234
Suppliers and contractors	56,964,075	61,656,451
Accrued interest payable	9,979,654	12,236,250
Other	25,583,824	15,324,890
	<hr/>	
Accounts payable and accrued liabilities	<u>\$192,158,017</u>	<u>\$178,056,825</u>

Major component units

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

As of June 30, 2005 and 2004, contributions receivable are due as follows:

University of Maryland Foundation, Inc.

Due	Discount rates	2005	2004
Within one year		\$12,145,000	\$16,020,000
One to five years	1.125% – 6.5%	10,899,000	11,987,000
More than five years	4.38% - 6.75%	800,000	1,891,000
Subtotal		23,844,000	29,898,000
Pledge discount		(1,352,000)	(3,047,000)
Net contributions receivable		\$22,492,000	\$26,851,000

University of Maryland College Park Foundation, Inc.

Due		2005	2004
Within one year		\$16,688,052	\$13,304,451
One to five years		39,276,944	23,037,228
More than five years		18,473,112	3,388,761
Subtotal		74,438,108	39,730,440
Allowance for doubtful accounts		(2,350,390)	(539,666)
Pledge discount		(6,849,183)	(3,713,126)
Net contributions receivable		\$65,238,535	\$35,477,648

University of Maryland Baltimore Foundation, Inc.

Due	Discount rates	2005	2004
Within one year		\$6,580,622	\$8,643,447
One to five years	2.76% - 3.64%	9,044,639	9,108,459
Subtotal		15,625,261	17,751,906
Allowance for doubtful accounts		(596,051)	(524,993)
Pledge discount		(790,518)	(386,444)
Net contributions receivable		\$14,238,692	\$16,840,469

4. 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 as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Revenue Bonds, net	\$901,140,734	\$897,288,426
Revolving Loan Program Bonds	65,000,000	64,987,057
Certificates of Participation	15,800,000	16,400,000
Other	13,907,257	14,344,356
	<u>\$995,847,991</u>	<u>\$993,019,839</u>
Revenue bonds and notes payable, net	<u>\$995,847,991</u>	<u>\$993,019,839</u>

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2005, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
1996 Series A	5.4% - 5.5%	2005-2008	\$2,415,000
1997 Series A	5.0% - 5.1%	2005-2018	16,195,000
1998 Series A	5.0%	2005-2019	38,365,000
1999 Series A	4.0% - 4.5%	2004-2019	77,645,000
1999 Refunding Series B	4.2% - 4.8%	2004-2008	2,350,000
2000 Series A	4.6% - 5.7%	2004-2020	26,640,000
2001 Series A	4.0% - 5.0%	2005-2021	64,925,000
2001 Series B	3.5% - 4.6%	2005-2022	51,845,000
2002 Series A	3.0% - 5.2%	2005-2023	135,130,000
2003 Series A & B	1.7% - 5.0%	2005-2024	224,085,000
2004 Series A & B	3.0% - 6.0%	2005-2024	63,400,000
2005 Series A	4.0-5.0%	2006-2021	174,910,000
			<u>877,905,000</u>
Unamortized discounts, premiums and refunding adjustments			<u>23,235,734</u>
Revenue bonds, net			<u>\$901,140,734</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.

Revenue Bonds issued during the years ended June 30, 2005 and 2004, including the results of any advance refunding of previously-issued debt, are as follows:

Debt issuance	Date of issue	Par value of debt issued	Premium on issuance	Par value of debt refunded	Reduction in future debt service	Deferred amount on refunding	Economic gain or (loss)
2003 Series A & B	7/10/2003	\$246,155,000	\$21,018,859	\$153,070,000	\$12,414,515	\$7,762,374	\$11,893,449
2004 Series A & B	6/2/2004	64,165,000	865,019	1,874,000	1,275,888	264,685	897,416
2005 Series A & B	2/24/2005	174,910,000	12,752,167	128,570,000	9,669,879	6,006,759	8,054,926

As of June 30, 2005, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$1,088,248,750.

As of June 30, 2005 and 2004 cash and cash equivalents are restricted by the terms of the Indenture of Trust in the amount of \$29,942,244 and \$74,765,595, respectively. In addition, \$52,143,202, reported as Restricted Investments as of June 30, 2005 were held by the trustee as unexpended proceeds of the Revenue Bonds.

Revolving Loan Program Bonds

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

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The 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.

As of June 30, 2005 and 2004, cash and cash equivalents in the amount of \$18,371,095 and \$10,325,271, respectively, 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	
2006	\$54,965,000	\$41,583,025	\$10,210,972	\$4,856,507	\$111,615,504
2007	58,830,000	38,381,814	1,700,868	4,613,493	103,526,175
2008	61,295,000	35,638,455	1,814,696	4,525,787	103,273,938
2009	63,755,000	32,831,490	1,950,064	4,430,311	102,966,865
2010	61,600,000	29,930,651	2,070,423	4,327,452	97,928,526
2011 – 2015	253,495,000	112,235,208	11,344,247	19,854,665	396,929,120
2016 – 2020	222,145,000	54,857,477	615,987	17,902,613	295,521,077
2021 – 2025	101,820,000	11,010,421	65,000,000	10,725,000	188,555,421
Total	<u>\$877,905,000</u>	<u>\$356,468,541</u>	<u>\$94,707,257</u>	<u>\$71,235,828</u>	<u>\$1,400,316,626</u>

5. 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>
2006	\$511,986
2007	511,986
2008	511,986
2009	511,986
2010	511,986
2011 – 2015	2,559,930
2016 – 2020	2,559,930
2021 – 2025	<u>255,993</u>
Total future lease payments	7,935,783
Interest component	<u>(3,057,204)</u>
Obligations under capital lease agreements	<u><u>\$4,878,579</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>
2006	\$9,052,079
2007	5,267,936
2008	3,798,697
2009	2,385,621
2010	2,101,626
2011 – 2015	<u>16,650,760</u>
Total	<u><u>\$39,256,719</u></u>

Operating lease expenditures for the years ended June 30, 2005 and 2004 were \$6,465,119 and \$6,306,648, 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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004

6. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2005 and 2004 were as follows:

	July 1, 2003			June 30, 2004			June 30, 2005		Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year	
Accrued vacation costs	\$117,638,609	\$63,425,245	\$61,107,842	\$119,956,012	\$68,725,466	\$59,517,695	\$129,163,783	\$60,927,181	
Accrued workers compensation	22,928,000	6,620,144	3,734,144	25,814,000	1,964,766	3,822,766	23,956,000	3,713,180	
Revenue bonds and notes payable, net	849,925,844	397,706,200	254,612,205	993,019,839	182,662,633	179,834,481	995,847,991	65,175,972	
Obligations under capital lease agreements	5,216,342		163,287	5,053,055		174,476	4,878,579	186,426	
Total long-term liabilities	\$995,708,795	\$467,751,589	\$319,617,478	\$1,143,842,906	\$253,352,865	\$243,349,418	\$1,153,846,353	\$130,002,759	

7. 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, 2005 and 2004 by grouping of object classification are:

	2005				2004			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$726,949,495	\$121,036,216	\$21,687,400	\$869,673,111	\$682,855,607	\$100,056,443	\$20,925,572	\$803,837,622
Research	401,335,990	210,791,813	20,046,869	632,174,672	368,092,175	172,917,917	20,597,767	561,607,859
Public service	84,755,214	58,793,177	1,059,456	144,607,847	83,607,360	56,324,394	1,273,809	141,205,563
Academic support	159,496,020	61,810,977	23,456,078	244,763,075	155,092,093	52,851,887	21,820,569	229,764,549
Student services	78,809,281	32,535,324	3,156,085	114,500,690	69,291,296	31,313,530	1,982,587	102,587,413
Institutional support	211,580,992	47,804,452	13,922,082	273,307,526	209,129,738	52,189,322	9,704,383	271,023,443
Operation and maintenance of plant	81,713,947	94,570,401	29,525,192	205,809,540	80,768,504	87,212,235	27,548,609	195,529,348
Scholarships and fellowships	4,883,594	42,725,579	76,265	47,685,438	6,189,315	37,639,455	316,226	44,144,996
Auxiliary enterprises:								
Residence facilities	31,275,408	39,055,555	12,649,223	82,980,186	29,910,914	42,024,072	4,085,803	76,020,789
Dining facilities	22,592,725	40,572,277	1,629,482	64,794,484	23,730,387	28,022,254	9,968,705	61,721,346
Intercollegiate athletics	27,650,601	30,213,437	4,580,869	62,444,907	25,340,486	28,432,180	4,443,710	58,216,376
Bookstores	4,533,025	25,754,880	292,868	30,580,773	3,985,260	25,843,865	307,944	30,137,069
Parking facilities	6,239,305	11,372,722	3,170,488	20,782,515	7,712,265	9,970,346	3,362,081	21,044,692
Other auxiliary enterprises	32,685,897	15,651,577	17,352,323	65,689,797	23,579,557	17,310,412	15,783,210	56,673,179
Hospital	59,899,192	2,041,100		61,940,292	54,435,018	1,769,126	4,714	56,208,858
Total	\$1,934,400,686	\$834,729,487	\$152,604,680	\$2,921,734,853	\$1,823,719,975	\$743,877,438	\$142,125,689	\$2,709,723,102

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 \$27,765,293 and \$25,577,243 for the years ended June 30, 2005 and 2004, respectively.

9. 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 System accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the System, and the only obligation to the plan is its required annual contributions. The State 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 percent for participants in the State Systems retirement plans (with a 5 percent limit on the annual cost of living allowance and 7 percent for those who elect a limit on the cost of living allowance commensurate with the Consumer Price Index); and 2 percent 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, 2005, 2004, and 2003 of \$26,641,689, \$26,867,274, and \$27,492,297, 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 percent of covered employees' total salaries each month and that the employee may elect to contribute 5 percent of total annual salary or 5 percent 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, 2005 were \$99,192,422, which consisted of \$50,726,023 from the System and \$48,466,399 from employees. 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.

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, 2005 and 2004 was approximately \$141,812 and \$95,900, respectively.

10. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2005 is \$214,077,000, of which \$66,971,000 is to be funded from Revenue Bond proceeds, \$107,229,000 is to be derived from State appropriations and grants, and \$39,877,000 to be provided from System funds.

11. 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. As of June 30, 2005 and 2004, the institution had entered into open contracts for the purchase of \$10,725,296 and \$4,930,702, respectively, 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.

12. RISK MANAGEMENT

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

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

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2005 and 2004. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2005, 2004, or 2003.

As of June 30, 2005 and 2004, the System has recorded \$23,956,000 and \$25,814,000 in liabilities associated with workers' compensation, respectively.

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEET
JUNE 30, 2005 AND 2004

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$127,675,838	\$425,893	\$119,169,431	\$594,032
Investments		4,312,452		3,672,071
Accounts receivable, net	50,901,713	7,860,938	40,111,543	10,740,393
Notes receivable, current portion	1,867,272		1,873,861	
Prepaid expenses		195,136		116,009
Inter-institutional balances	(572,529)		(96,634)	
Total current assets	179,872,294	12,794,419	161,058,201	15,122,505
Noncurrent assets:				
Restricted cash and cash equivalents	20,634,627		3,264,035	
Endowment investments	58,149,857	107,773,970	73,902,334	94,361,641
Other investments	186,370		186,370	
Notes receivable, net	26,928,131	8,530,197	23,896,547	9,972,014
Other assets		2,849,973		2,648,071
Capital assets, net	572,554,566	27,228	532,266,844	20,566
Total noncurrent assets	678,453,551	119,181,368	633,516,130	107,002,292
Total assets	\$858,325,845	\$131,975,787	\$794,574,331	\$122,124,797
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$44,561,069	\$297,803	\$37,685,484	\$912,807
Accrued workers compensation, current portion	816,695		938,680	
Accrued vacation costs, current portion	22,143,513		2,406,385	
Revenue bonds and notes payable, current portion	5,820,278		4,801,386	
Deferred revenue	2,971,206	40,440	2,992,031	31,760
Total current liabilities	76,312,761	338,243	48,823,966	944,567
Noncurrent liabilities:				
Accrued workers compensation	4,452,305		5,117,320	
Accrued vacation costs	21,078,838		36,630,285	
Other payables		569,011		1,474,995
Revenue bonds and notes payable	92,432,597		85,768,243	
Total noncurrent liabilities	117,963,740	569,011	127,515,848	1,474,995
Total liabilities	194,276,501	907,254	176,339,814	2,419,562
NET ASSETS				
Unrestricted	96,385,116	19,498,974	79,884,223	21,693,654
Invested in capital assets, net	474,301,691		441,697,215	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,439,113	17,527,123	5,165,292	15,680,694
Research	145,990	217,112	144,440	488,783
Other	10,367,952	44,264,817	10,442,023	37,786,483
Expendable:				
Scholarships and fellowships	20,540,445	5,530,880	20,488,874	3,049,857
Research	11,794,002	6,435,646	18,225,837	13,664,987
Loans	28,194,451		25,351,521	
Capital projects	267,868		173,233	
Other	16,612,716	37,593,981	16,661,859	27,340,777
Total net assets	664,049,344	131,068,533	618,234,517	119,705,235
Total liabilities and net assets	\$858,325,845	\$131,975,787	\$794,574,331	\$122,124,797

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$67,897,187		\$59,486,987	
Less: scholarship allowances	(14,192,083)	\$53,705,104	(13,409,349)	\$46,077,638
Federal grants and contracts		196,641,478		152,191,219
State and local grants and contracts		37,705,470		36,359,193
Nongovernmental grants and contracts		120,618,895		110,570,350
Sales and services of educational departments		80,469,245		78,896,222
Auxiliary enterprises:				
Residential facilities		674,025		867,376
Bookstores		185,627		283,982
Parking facilities		11,751,085		10,959,344
Other auxiliary enterprises revenues		6,352,447		5,916,849
Total operating revenues		508,103,376		442,122,173
OPERATING EXPENSES:				
Instruction		189,186,205		170,811,208
Research		202,975,835		159,249,414
Public service		39,850,853		36,678,905
Academic support		36,359,260		33,262,517
Student services		2,668,929		2,712,034
Institutional support		39,267,319		43,006,733
Operation and maintenance of plant		41,778,201		45,015,624
Scholarships and fellowships		928,108		914,365
Auxiliary enterprises:				
Residential facilities		627,015		932,259
Bookstores		54,548		35,553
Parking facilities		9,383,589		11,015,780
Other auxiliary enterprises expenses		5,374,311		3,898,045
Hospital		61,940,292		56,208,858
Total operating expenses		630,394,465		563,741,295
Operating income (loss)		(122,291,089)		(121,619,122)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		133,497,622		132,174,751
Gifts		1,082,023	\$24,049,241	2,146,386
Investment income	9,820,470		13,241,188	9,226,140
Less: Investment expense	(325,808)	9,494,662	(358,573)	13,170,833
Interest on indebtedness		(3,924,857)		(3,678,754)
Other affiliated foundation revenue			880,931	772,807
Other affiliated foundation expense			(26,808,062)	(24,117,240)
Transfers (to) from other University System of Maryland institutions		(2,629,430)		(2,003,270)
Total nonoperating revenues (expenses)		137,520,020	11,363,298	141,809,946
Income before other revenues, expenses, gains and losses		15,228,931	11,363,298	20,190,824
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		33,662,230		42,976,719
Capital gifts and grants		220,754		112,106
Additions to permanent endowments		278,121		4,114,857
Other gains and losses		(3,575,209)		257,232
Total other revenues, expenses, gains and losses		30,585,896		47,460,914
Increase (decrease) in net assets		45,814,827	11,363,298	67,651,738
Net assets - beginning of year		618,234,517	119,705,235	550,582,779
Net assets - end of year		\$664,049,344	\$131,068,533	\$618,234,517

**UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$53,740,633	\$51,078,924
Research contracts and grants	345,144,070	276,941,210
Payments to employees	(432,251,897)	(392,310,230)
Payments to suppliers and contractors	(163,962,132)	(146,537,370)
Loans issued to students	(7,640,306)	(6,009,602)
Collections of loans to students	4,615,311	5,090,321
Auxiliary enterprises:		
Residential facilities	674,025	867,376
Bookstores	185,627	283,982
Parking facilities	11,751,085	10,959,344
Other	5,362,562	4,515,538
Other receipts (payments)	80,469,245	78,919,743
Net cash provided (used) by operating activities	(101,911,777)	(116,200,764)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	133,497,622	132,174,751
Nonoperating gifts	1,082,023	2,146,386
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	278,121	4,114,857
Other nonoperating gains and losses	(3,575,209)	257,232
Net cash provided (used) by noncapital financing activities	131,282,557	138,693,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	13,342,501	24,358,065
Capital appropriations	33,662,230	42,976,719
Capital grants and gifts received	220,754	112,106
Purchases of capital assets	(64,097,305)	(87,934,136)
Principal paid on debt and capital leases	(17,739,154)	(13,144,523)
Interest paid on debt and capital leases	(4,106,182)	(4,015,275)
Transfers (to) from other University System of Maryland institutions	10,011,102	(633,141)
Net cash provided (used) by capital and related financing activities	(28,706,054)	(38,280,185)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	64,715,095	69,581,855
Interest on investments	6,528,528	3,105,104
Investment expense	(325,808)	(358,573)
Purchases of investments	(45,705,542)	(69,575,654)
Net cash provided (used) by investing activities	25,212,273	2,752,732
Net increase (decrease) in cash	25,876,999	(13,034,991)
Cash and cash equivalents - beginning of the year	122,433,466	135,468,457
Cash and cash equivalents - end of the year	\$148,310,465	\$122,433,466

**UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$296,147,001	\$17,802,071	\$233,849,080	\$14,730,876
Investments		3,639,347		3,144,186
Accounts receivable, net	49,704,463	31,843,669	46,951,871	26,198,504
Notes receivable, current portion	4,738,256		4,786,100	
Inventories	1,819,856		1,830,668	
Prepaid expenses	1,034,648	516,710	1,066,242	496,634
Inter-institutional balances	627,124		3,440,066	
Total current assets	354,071,348	53,801,797	291,924,027	44,570,200
Noncurrent assets:				
Restricted cash and cash equivalents	29,137,148		5,771,802	
Endowment investments	76,958,633	282,451,944	98,129,298	252,666,414
Other investments	2,170,173		17,116,638	
Notes receivable, net	5,955,971	52,481,732	6,279,142	26,583,043
Other assets		1,426,191		1,219,239
Capital assets, net	1,122,046,054	1,489,925	1,104,593,981	1,447,707
Total noncurrent assets	1,236,267,979	337,849,792	1,231,890,861	281,916,403
Total assets	\$1,590,339,327	\$391,651,589	\$1,523,814,888	\$326,486,603
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$62,700,817	\$9,712,794	\$60,604,946	\$7,536,913
Accrued workers compensation, current portion	1,514,195		1,499,625	
Accrued vacation costs, current portion	18,390,980		18,901,935	
Revenue bonds and notes payable, current portion	31,614,111		20,804,591	
Deferred revenue	34,813,135	1,759,364	31,171,123	3,280,869
Total current liabilities	149,033,238	11,472,158	132,982,220	10,817,782
Noncurrent liabilities:				
Accrued workers compensation	8,254,805		8,175,375	
Accrued vacation costs	23,584,860		21,512,376	
Other payables		2,131,246		1,994,138
Revenue bonds and notes payable	370,098,479		377,819,283	
Noncurrent liabilities	401,938,144	2,131,246	407,507,034	1,994,138
Total liabilities	550,971,382	13,603,404	540,489,254	12,811,920
NET ASSETS				
Unrestricted	206,114,039	39,656,903	166,334,735	36,821,427
Invested in capital assets, net	720,333,464		705,970,107	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	4,606,177	73,609,824	4,011,487	65,303,655
Research	3,541,921	1,386,534	3,498,043	1,333,150
Other	3,488,013	128,783,748	3,498,088	119,320,656
Expendable:				
Scholarships and fellowships	13,816,640	36,311,377	14,455,910	27,739,240
Research	63,994,127	7,844,320	62,527,430	8,742,010
Loans	11,315,938		11,443,429	
Capital projects	2,419,009		1,764,747	
Other	9,738,617	90,455,479	9,821,658	54,414,545
Total net assets	1,039,367,945	378,048,185	983,325,634	313,674,683
Total liabilities and net assets	\$1,590,339,327	\$391,651,589	\$1,523,814,888	\$326,486,603

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$312,538,727		\$290,772,796	
Less: scholarship allowances	<u>(49,498,161)</u>	\$263,040,566	<u>(48,102,263)</u>	\$242,670,533
Federal grants and contracts		239,540,626		223,464,263
State and local grants and contracts		34,389,033		33,616,278
Nongovernmental grants and contracts		50,119,076		46,045,417
Sales and services of educational departments		26,054,113		25,242,592
Auxiliary enterprises:				
Residential facilities	39,203,935		37,538,605	
Less: scholarship allowances	<u>(3,100,696)</u>	36,103,239	<u>(3,421,939)</u>	34,116,666
Dining facilities	34,567,885		33,185,221	
Less: scholarship allowances	<u>(1,691,757)</u>	32,876,128	<u>(1,678,635)</u>	31,506,586
Intercollegiate athletics		39,211,027		35,614,867
Parking facilities		12,031,572		10,956,428
Other auxiliary enterprises revenues		31,541,537		30,279,526
Other operating revenues		<u>19,143,295</u>		<u>17,906,512</u>
Total operating revenues		<u>784,050,212</u>		<u>731,419,668</u>
OPERATING EXPENSES:				
Instruction		312,306,619		288,625,815
Research		260,403,565		250,338,402
Public service		60,349,386		56,680,117
Academic support		96,691,307		92,680,942
Student services		30,443,267		29,521,217
Institutional support		70,802,713		67,943,218
Operation and maintenance of plant		71,056,876		65,634,011
Scholarships and fellowships		20,899,097		20,693,584
Auxiliary enterprises:				
Residential facilities		37,022,221		35,265,572
Dining facilities		28,162,641		26,776,765
Intercollegiate athletics		37,835,914		34,891,361
Parking facilities		7,391,481		6,504,755
Other auxiliary enterprises expenses		<u>31,283,367</u>		<u>29,075,462</u>
Total operating expenses		<u>1,064,648,454</u>		<u>1,004,631,221</u>
Operating income (loss)		<u>(280,598,242)</u>		<u>(273,211,553)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		310,281,793		306,130,519
Gifts		12,345,926	\$99,117,963	12,705,779
Investment income	18,267,144		38,188,933	\$63,711,291
Less: Investment expense	<u>(429,494)</u>	17,837,650	<u>(468,834)</u>	26,628,286
Interest on indebtedness		(18,955,032)		21,436,655
Other nonoperating revenues (expenses)		(7,424,000)		(16,674,828)
Other affiliated foundation revenue			8,201,241	6,842,372
Other affiliated foundation expense			(81,134,635)	(70,520,684)
Transfers (to) from other University System of Maryland institutions		<u>(1,005,880)</u>		<u>(724,450)</u>
Total nonoperating revenues (expenses)		<u>313,080,457</u>	<u>64,373,502</u>	<u>322,873,675</u>
Income before other revenues, expenses, gains and losses		<u>32,482,215</u>	<u>64,373,502</u>	<u>49,662,122</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		18,265,060		31,263,389
Capital gifts and grants		5,269,279		12,092,875
Additions to permanent endowments		136,528		284,624
Other gains and losses		<u>(110,771)</u>		<u>(63,608)</u>
Total other revenues, expenses, gains and losses		<u>23,560,096</u>		<u>43,577,280</u>
Increase (decrease) in net assets		56,042,311	64,373,502	93,239,402
Net assets - beginning of year		983,325,634	313,674,683	890,086,232
Net assets - end of year		<u>\$1,039,367,945</u>	<u>\$378,048,185</u>	<u>\$983,325,634</u>
				<u>\$313,674,683</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$265,305,816	\$239,421,756
Research contracts and grants	321,869,285	301,804,032
Payments to employees	(729,164,283)	(699,977,473)
Payments to suppliers and contractors	(273,753,546)	(251,727,259)
Loans issued to students	(2,579,800)	(2,383,318)
Collections of loans to students	2,950,815	2,604,909
Auxiliary enterprises:		
Residential facilities	36,348,506	34,106,924
Dining facilities	32,876,128	31,506,586
Intercollegiate athletics	40,711,027	38,314,867
Parking facilities	12,031,572	10,956,428
Other	31,541,537	30,279,526
Other receipts (payments)	44,670,983	40,243,049
	<u>(217,191,960)</u>	<u>(224,849,973)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	310,281,793	306,130,519
Nonoperating gifts	12,345,926	12,705,779
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	136,528	284,624
Other nonoperating gains and losses	7,617,229	(63,608)
	<u>330,381,476</u>	<u>319,057,314</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	66,378,705	111,392,967
Capital appropriations	18,265,060	31,263,389
Capital grants and gifts received	5,269,279	12,092,875
Proceeds from sales of capital assets	243,275	6,400,442
Purchases of capital assets	(75,649,493)	(113,429,531)
Principal paid on debt and capital leases	(88,445,483)	(88,615,019)
Interest paid on debt and capital leases	(19,489,319)	(18,301,814)
Transfers (to) from other University System of Maryland institutions	27,143,937	(3,517,641)
	<u>(66,284,039)</u>	<u>(62,714,332)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	85,357,850	86,937,744
Interest on investments	14,114,083	17,965,644
Investment expense	(429,494)	(167,781)
Purchases of investments	(60,284,649)	(91,900,311)
	<u>38,757,790</u>	<u>12,835,296</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	85,663,267	44,328,305
Cash and cash equivalents - beginning of the year	<u>239,620,882</u>	<u>195,292,577</u>
Cash and cash equivalents - end of the year	<u><u>\$325,284,149</u></u>	<u><u>\$239,620,882</u></u>

**BOWIE STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents		\$567,355	\$2,272,488	\$659,416
Investments		3,512,851		2,776,168
Accounts receivable, net	\$6,306,075	252,701	4,630,112	531,364
Notes receivable, current portion	234,310		224,670	
Prepaid expenses		10,607		2,867
Inter-institutional balances	(924,176)		(869,221)	
Total current assets	5,616,209	4,343,514	6,258,049	3,969,815
Noncurrent assets:				
Restricted cash and cash equivalents	1,236,852		849,680	
Notes receivable, net	546,722		576,264	
Capital assets, net	71,855,900	3,733	73,205,470	1,885
Total noncurrent assets	73,639,474	3,733	74,631,414	1,885
Total assets	\$79,255,683	\$4,347,247	\$80,889,463	\$3,971,700
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$3,210,249	\$54,397	\$3,833,729	\$90,516
Accrued workers compensation, current portion	63,860		68,045	
Accrued vacation costs, current portion	600,338		803,512	
Revenue bonds and notes payable, current portion	1,261,374	25,000	1,056,170	
Deferred revenue	360,971	6,269	413,183	45,964
Total current liabilities	5,496,792	85,666	6,174,639	136,480
Noncurrent liabilities:				
Accrued workers compensation	348,140		370,955	
Accrued vacation costs	1,067,059		1,205,269	
Revenue bonds and notes payable	14,241,736		16,759,490	
Total noncurrent liabilities	15,656,935		18,335,714	
Total liabilities	21,153,727	85,666	24,510,353	136,480
NET ASSETS				
Unrestricted	(497,581)	197,262	(752,529)	206,872
Invested in capital assets, net	56,352,790		55,389,810	
Restricted:				
Nonexpendable:				
Other		3,623,492		3,130,495
Expendable:				
Loans	1,009,895		892,149	
Capital projects	1,236,852		849,680	
Other		440,827		497,853
Total net assets	58,101,956	4,261,581	56,379,110	3,835,220
Total liabilities and net assets	\$79,255,683	\$4,347,247	\$80,889,463	\$3,971,700

BOWIE STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$26,678,824		\$25,136,303	
Less: scholarship allowances	(6,529,456)	\$20,149,368	(5,859,902)	\$19,276,401
Federal grants and contracts		11,132,231		10,213,775
State and local grants and contracts		3,217,306		3,243,409
Nongovernmental grants and contracts		138,635		142,334
Sales and services of educational departments		180,289		146,302
Auxiliary enterprises:				
Residential facilities	3,102,904		3,600,461	
Less: scholarship allowances	(652,946)	2,449,958	(1,028,192)	2,572,269
Dining facilities	2,030,730		2,038,761	
Less: scholarship allowances	(72,550)	1,958,180		2,038,761
Intercollegiate athletics		1,931,605		1,941,152
Parking facilities		356,972		288,736
Other auxiliary enterprises revenues		2,063,865		2,595,002
Total operating revenues	43,578,409		42,458,141	
OPERATING EXPENSES:				
Instruction		23,392,887		22,782,454
Research		2,603,704		1,998,223
Public service		196,170		563,029
Academic support		6,707,903		6,724,149
Student services		3,701,384		3,658,813
Institutional support		11,829,543		12,526,319
Operation and maintenance of plant		7,264,403		7,653,457
Scholarships and fellowships		413,142		392,252
Auxiliary enterprises:				
Residential facilities		2,730,597		3,842,795
Dining facilities		1,563,797		1,888,907
Intercollegiate athletics		2,431,468		2,140,189
Other auxiliary enterprises expenses		619,034		1,163,129
Total operating expenses		63,454,032		65,333,716
Operating income (loss)		(19,875,623)		(22,875,575)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		21,006,128		20,712,299
Gifts			\$1,029,716	\$890,509
Investment income			410,215	335,051
Interest on indebtedness		(467,431)		(497,470)
Other affiliated foundation revenue			20,994	
Other affiliated foundation expense			(1,034,564)	(890,921)
Transfers (to) from other University System of Maryland institutions		(1,107,141)		(1,118,761)
Total nonoperating revenues (expenses)		19,431,556	426,361	19,100,328
Income before other revenues, expenses, gains and losses		(444,067)	426,361	334,639
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		1,672,909		1,825,664
Other gains and losses		494,004		259,327
Total other revenues, expenses, gains and losses		2,166,913		2,084,991
Increase (decrease) in net assets		1,722,846	426,361	(1,690,256)
Net assets - beginning of year		56,379,110	3,835,220	58,069,366
Net assets - end of year		\$58,101,956	\$4,261,581	\$56,379,110

**BOWIE STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$19,104,824	\$19,259,746
Research contracts and grants	14,874,810	15,261,870
Payments to employees	(39,571,317)	(38,855,466)
Payments to suppliers and contractors	(20,409,464)	(22,281,487)
Loans issued to students	(120,278)	(360,636)
Collections of loans to students	325,397	249,855
Auxiliary enterprises:		
Residential facilities	1,379,689	2,123,390
Dining facilities	1,958,180	2,038,761
Intercollegiate athletics	1,931,605	1,941,152
Bookstores		288,736
Other	2,777,809	2,595,002
Other receipts (payments)	(923,085)	637,015
Net cash provided (used) by operating activities	(18,671,830)	(17,102,062)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	21,006,128	20,712,299
Other nonoperating gains and losses	308,787	259,327
Net cash provided (used) by noncapital financing activities	21,314,915	20,971,626
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	670,931	2,772,051
Capital appropriations	1,672,909	1,825,664
Purchases of capital assets	(2,369,143)	(5,214,881)
Principal paid on debt and capital leases	(2,048,518)	(2,964,155)
Interest paid on debt and capital leases	(480,621)	(493,289)
Transfers (to) from other University System of Maryland institutions	(1,973,959)	(268,383)
Net cash provided (used) by capital and related financing activities	(4,528,401)	(4,342,993)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments		4,260
Net cash provided (used) by investing activities		4,260
Net increase (decrease) in cash	(1,885,316)	(469,169)
Cash and cash equivalents - beginning of the year	3,122,168	3,591,337
Cash and cash equivalents - end of the year	\$1,236,852	\$3,122,168

**TOWSON UNIVERSITY
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$59,331,638	\$1,116,458	\$45,417,260	\$821,903
Investments		21,452,469		15,528,062
Accounts receivable, net	10,423,045	7,504,932	11,636,078	1,769,906
Notes receivable, current portion	3,556,791		3,671,423	
Inventories	2,133,275		2,317,859	
Prepaid expenses	1,360,437		1,114,175	
Inter-institutional balances	(732,765)		(717,716)	
Total current assets	76,072,421	30,073,859	63,439,079	18,119,871
Noncurrent assets:				
Restricted cash and cash equivalents	1,937,713		191,767	
Endowment investments	3,513,378		4,228,427	
Notes receivable, net	11,235,100		10,688,751	
Capital assets, net	245,387,893	1,829,545	221,675,461	1,819,419
Total noncurrent assets	262,074,084	1,829,545	236,784,406	1,819,419
Total assets	\$338,146,505	\$31,903,404	\$300,223,485	\$19,939,290
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$15,406,935	\$179,195	\$14,349,003	\$149,804
Accrued workers compensation, current portion	299,770		325,655	
Accrued vacation costs, current portion	3,234,278		3,254,590	
Revenue bonds and notes payable, current portion	6,101,705		4,782,899	
Deferred revenue	3,866,576		4,218,706	
Total current liabilities	28,909,264	179,195	26,930,853	149,804
Noncurrent liabilities:				
Accrued workers compensation	1,634,230		1,775,345	
Accrued vacation costs	3,734,647		3,383,825	
Revenue bonds and notes payable	89,507,742		94,377,891	
Total noncurrent liabilities	94,876,619		99,537,061	
Total liabilities	123,785,883	179,195	126,467,914	149,804
NET ASSETS				
Unrestricted	40,549,152	2,626,255	28,017,893	2,357,015
Invested in capital assets, net	149,778,446		122,514,671	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	233,038	10,661,964	233,038	7,166,507
Research		6,710		5,874
Other	5,000	11,149,561	5,000	4,032,252
Expendable:				
Scholarships and fellowships		2,065,062	147,830	1,454,163
Research	4,464,639	7,595	5,347,010	10,530
Loans	15,689,978		14,813,266	
Capital projects	933,532			
Other	2,706,837	5,207,062	2,676,863	4,763,145
Total net assets	214,360,622	31,724,209	173,755,571	19,789,486
Total liabilities and net assets	\$338,146,505	\$31,903,404	\$300,223,485	\$19,939,290

TOWSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$108,422,406		\$100,162,858	
Less: scholarship allowances	(18,655,636)	\$89,766,770	(17,367,327)	\$82,795,531
Federal grants and contracts		9,145,475		413,423
State and local grants and contracts		2,219,925		1,823,801
Nongovernmental grants and contracts		217,948		388,244
Sales and services of educational departments		3,502,444		3,585,744
Auxiliary enterprises:				
Residential facilities	14,386,468		14,037,665	
Less: scholarship allowances	(719,930)	13,666,538	(738,525)	13,299,140
Dining facilities	12,114,150		11,156,992	
Less: scholarship allowances	(291,336)	11,822,814	(252,492)	10,904,500
Intercollegiate athletics	10,001,019		9,500,420	
Less: scholarship allowances	(1,030,312)	8,970,707	(1,014,614)	8,485,806
Bookstores	10,618,528		10,741,370	
Less: scholarship allowances	(59,746)	10,558,782	(61,009)	10,680,361
Parking facilities		3,732,090		3,433,822
Other auxiliary enterprises revenues		16,465,547		15,502,941
Other operating revenues		32,021		50,192
Total operating revenues	170,101,061		151,363,505	
OPERATING EXPENSES:				
Instruction		66,475,009		61,923,991
Research		2,821,844		3,549,839
Public service		9,987,881		9,598,700
Academic support		26,479,989		21,736,645
Student services		12,152,692		11,828,351
Institutional support		22,433,470		23,741,154
Operation and maintenance of plant		17,503,490		17,738,925
Scholarships and fellowships		5,366,058		3,932,030
Auxiliary enterprises:				
Residential facilities		10,509,373		9,362,360
Dining facilities		11,061,515		10,537,655
Intercollegiate athletics		9,189,962		8,346,714
Bookstores		10,315,270		10,121,799
Parking facilities		2,014,163		1,763,291
Other auxiliary enterprises expenses		12,301,436		10,423,661
Total operating expenses		218,612,152		204,605,115
Operating income (loss)		(48,511,091)		(53,241,610)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		58,945,915		57,824,042
Gifts			\$12,724,462	\$2,799,374
Investment income	2,248,371		1,304,298	1,756,334
Less: Investment expense	(15,542)	2,232,829	1,627,090	1,609,790
Interest on indebtedness		(4,498,825)	(17,300)	(4,140,982)
Other nonoperating revenues (expenses)		5,911,500		12,802,850
Other affiliated foundation revenue			588,678	328,867
Other affiliated foundation expense			(2,682,715)	(2,007,603)
Transfers (to) from other University System of Maryland institutions		(4,220,249)		(3,968,482)
Total nonoperating revenues (expenses)		58,371,170	11,934,723	64,127,218
Income before other revenues, expenses, gains and losses		9,860,079	11,934,723	2,876,972
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		27,746,037		12,728,511
Capital gifts and grants		2,895,053		597,401
Additions to permanent endowments				5,000
Other gains and losses		103,882		27,023
Total other revenues, expenses, gains and losses		30,744,972		13,357,935
Increase (decrease) in net assets		40,605,051	11,934,723	24,243,543
Net assets - beginning of year		173,755,571	19,789,486	149,512,028
Net assets - end of year		\$214,360,622	\$31,724,209	\$173,755,571
				\$19,789,486

**TOWSON UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$89,862,533	\$82,994,075
Research contracts and grants	8,046,422	3,431,448
Payments to employees	(137,197,730)	(134,150,421)
Payments to suppliers and contractors	(65,533,064)	(62,036,955)
Loans issued to students	(3,273,153)	(4,263,707)
Collections of loans to students	2,841,436	3,027,247
Auxiliary enterprises:		
Residential facilities	13,655,418	13,251,708
Dining facilities	11,863,990	10,807,879
Intercollegiate athletics	8,705,725	8,485,806
Bookstores	9,810,801	10,680,361
Parking facilities	3,624,084	3,433,822
Other	15,854,472	15,502,941
Other receipts (payments)	7,868,131	(1,062,807)
Net cash provided (used) by operating activities	(33,870,935)	(49,898,603)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	58,945,915	57,824,042
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes		5,000
Other nonoperating gains and losses	6,015,382	12,829,873
Net cash provided (used) by noncapital financing activities	64,961,297	70,658,915
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	9,379,322	31,480,788
Capital appropriations	27,746,037	12,728,511
Capital grants and gifts received	560,956	554,865
Purchases of capital assets	(34,316,112)	(15,135,961)
Principal paid on debt and capital leases	(15,307,323)	(36,015,072)
Interest paid on debt and capital leases	(4,716,764)	(4,304,663)
Transfers (to) from other University System of Maryland institutions	(1,724,032)	(6,921,751)
Net cash provided (used) by capital and related financing activities	(18,377,916)	(17,613,283)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	3,081,369	3,426,164
Interest on investments	2,064,353	1,039,975
Investment expense	(15,542)	(17,300)
Purchases of investments	(2,182,302)	(3,331,255)
Net cash provided (used) by investing activities	2,947,878	1,117,584
Net increase (decrease) in cash	15,660,324	4,264,613
Cash and cash equivalents - beginning of the year	45,609,027	41,344,414
Cash and cash equivalents - end of the year	\$61,269,351	\$45,609,027

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$10,198,861		\$1,894,747	
Accounts receivable, net	7,367,336	\$714,372	14,286,420	\$725,000
Notes receivable, current portion	953,365		62,987	
Prepaid expenses		24,838		12,000
Inter-institutional balances	(236,746)		(577,733)	
Total current assets	18,282,816	739,210	15,666,421	737,000
Noncurrent assets:				
Restricted cash and cash equivalents	367,097		148,847	
Endowment investments	350,474	13,638,090	422,470	11,434,982
Notes receivable, net	11,640,266	875,233	4,973,173	40,000
Capital assets, net	181,008,559	272,592	176,714,776	278,000
Total noncurrent assets	193,366,396	14,785,915	182,259,266	11,752,982
Total assets	\$211,649,212	\$15,525,125	\$197,925,687	\$12,489,982
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$5,222,185	\$72,566	\$3,034,973	\$52,000
Accrued workers compensation, current portion	102,300		169,415	
Accrued vacation costs, current portion	1,730,069		2,599,151	
Revenue bonds and notes payable, current portion	4,182,333		3,461,550	
Deferred revenue	335,918		244,451	
Total current liabilities	11,572,805	72,566	9,509,540	52,000
Noncurrent liabilities:				
Accrued workers compensation	557,700		923,585	
Accrued vacation costs	1,359,341		288,794	
Revenue bonds and notes payable	63,061,983		60,314,704	
Total noncurrent liabilities	64,979,024		61,527,083	
Total liabilities	76,551,829	72,566	71,036,623	52,000
NET ASSETS				
Unrestricted	7,259,648	641,227	6,671,302	692,314
Invested in capital assets, net	113,764,243		112,938,522	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	20,100	6,855,191	20,006	5,334,323
Research		88,015		74,246
Other	8,002	7,286,768	5,000	5,778,319
Expendable:				
Scholarships and fellowships	103,269	116,059	151,803	107,985
Research	236,101	80,701	6,287,726	77,449
Loans	13,417,881		683,109	
Capital projects	246,307		131,596	
Other	41,832	384,598		373,346
Total net assets	135,097,383	15,452,559	126,889,064	12,437,982
Total liabilities and net assets	\$211,649,212	\$15,525,125	\$197,925,687	\$12,489,982

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$20,211,941		\$16,134,928	
Less: scholarship allowances	(2,795,316)	\$17,416,625	(2,561,827)	\$13,573,101
Federal grants and contracts		26,376,501		16,219,230
State and local grants and contracts		8,342,164		7,640,306
Nongovernmental grants and contracts		1,012,669		596,457
Sales and services of educational departments		152,297		170,531
Auxiliary enterprises:				
Residential facilities	6,270,531		7,290,696	
Less: scholarship allowances	(714,858)	5,555,673	(333,233)	6,957,463
Dining facilities	4,739,998		4,858,020	
Less: scholarship allowances	(85,013)	4,654,985	(359,548)	4,498,472
Intercollegiate athletics		1,815,766		1,497,155
Parking facilities		88,563		27,292
Other auxiliary enterprises revenues		3,384,025		3,824,363
Other operating revenues		197,855		38,602
Total operating revenues		68,997,123		55,042,972
OPERATING EXPENSES:				
Instruction		25,457,600		23,404,901
Research		11,191,854		9,881,004
Public service		492,279		697,425
Academic support		8,826,066		5,906,203
Student services		3,745,086		2,053,784
Institutional support		8,044,925		7,856,791
Operation and maintenance of plant		8,010,041		6,772,331
Scholarships and fellowships		4,555,617		4,622,316
Auxiliary enterprises:				
Residential facilities		4,587,812		5,107,439
Dining facilities		1,904,982		2,161,933
Intercollegiate athletics		1,816,469		1,537,732
Other auxiliary enterprises expenses		3,878,663		2,721,219
Total operating expenses		82,511,394		72,723,078
Operating income (loss)		(13,514,271)		(17,680,106)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		21,829,549		21,432,854
Gifts			\$2,326,206	\$331,000
Investment income	183,213		2,346,956	1,628,000
Less: Investment expense	(1,990)	181,223	132,496	130,464
Interest on indebtedness		(2,785,086)	(2,032)	(2,709,884)
Other nonoperating revenues (expenses)		(811,006)		146,247
Other affiliated foundation revenue			(1,224)	(26,000)
Other affiliated foundation expense			(1,657,361)	(1,038,018)
Transfers (to) from other University System of Maryland institutions		577,170		12,772
Total nonoperating (revenues) expenses		18,991,850		19,012,453
Income before other revenues, expenses, gains and losses		5,477,579		1,332,347
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		2,730,740		31,585,360
Total other revenues, expenses, gains and losses		2,730,740		31,585,360
Increase (decrease) in net assets		8,208,319		32,917,707
Net assets - beginning of year		126,889,064		93,971,357
Net assets - end of year		\$135,097,383		\$126,889,064

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$21,964,476	\$8,743,252
Research contracts and grants	38,164,885	21,702,756
Payments to employees	(48,169,472)	(45,931,056)
Payments to suppliers and contractors	(25,875,089)	(21,242,824)
Loans issued to students	(10,404,992)	(46,800)
Collections of loans to students	2,023,271	523,198
Auxiliary enterprises:		
Residential facilities	5,273,792	5,487,476
Dining facilities	4,654,985	4,498,472
Parking facilities	88,563	27,292
Other	5,511,097	4,918,252
Other receipts (payments)	350,152	209,133
Net cash provided (used) by operating activities	(6,418,332)	(21,110,849)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	21,829,549	21,432,854
Other nonoperating gains and losses	13,244	146,247
Net cash provided (used) by noncapital financing activities	21,842,793	21,579,101
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	11,357,535	13,217,413
Capital appropriations	2,730,740	31,585,360
Purchases of capital assets	(10,766,923)	(37,419,178)
Principal paid on debt and capital leases	(14,815,410)	(11,193,844)
Interest paid on debt and capital leases	(2,914,656)	(2,874,296)
Transfers (to) from other University System of Maryland institutions	7,253,674	(134,829)
Net cash provided (used) by capital and related financing activities	(7,155,040)	(6,819,374)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	390,044	418,069
Interest on investments	140,360	72,972
Investment expense	(1,990)	(2,032)
Purchases of investments	(275,471)	(397,736)
Net cash provided (used) by investing activities	252,943	91,273
Net increase (decrease) in cash	8,522,364	(6,259,849)
Cash and cash equivalents - beginning of the year	2,043,594	8,303,443
Cash and cash equivalents - end of the year	\$10,565,958	\$2,043,594

**FROSTBURG STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$12,585,145	\$86,932	\$9,615,294	\$251,077
Investments		9,003,694		7,857,734
Accounts receivable, net	1,654,636	461,642	1,614,541	569,492
Notes receivable, current portion	245,068		218,148	
Inventories	713,001		768,177	
Prepaid expenses	232,782	353,705	173,773	1,932,041
Inter-institutional balances	(293,596)		(515,294)	
Total current assets	15,137,036	9,905,973	11,874,639	10,610,344
Noncurrent assets:				
Restricted cash and cash equivalents	904,395		454,530	
Endowment investments	599,325		723,397	
Notes receivable, net	885,689		994,621	
Capital assets, net	70,942,977	408	70,331,072	633
Total noncurrent assets	73,332,386	408	72,503,620	633
Total assets	\$88,469,422	\$9,906,381	\$84,378,259	\$10,610,977
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$5,312,820	\$28,374	\$4,794,148	\$10,254
Accrued workers compensation, current portion	101,990		115,630	
Accrued vacation costs, current portion	2,298,835		2,121,530	
Revenue bonds and notes payable, current portion	1,465,696		1,134,322	
Deferred revenue	1,154,667		1,735,823	
Total current liabilities	10,334,008	28,374	9,901,453	10,254
Noncurrent liabilities:				
Accrued workers compensation	556,010		630,370	
Revenue bonds and notes payable	20,844,623		22,492,984	
Total noncurrent liabilities	21,400,633		23,123,354	
Total liabilities	31,734,641	28,374	33,024,807	10,254
NET ASSETS				
Unrestricted	5,764,812	147,105	2,975,811	49,340
Invested in capital assets, net	48,632,658		46,703,766	
Restricted:				
Expendable:				
Scholarships and fellowships	2,100			
Research	424,710		9,046	
Loans	1,212,661		1,239,838	
Capital projects	697,840		424,991	
Other		9,730,902		10,551,383
Total net assets	56,734,781	9,878,007	51,353,452	10,600,723
Total liabilities and net assets	\$88,469,422	\$9,906,381	\$84,378,259	\$10,610,977

FROSTBURG STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$27,264,796		\$25,728,245	
Less: scholarship allowances	(3,449,423)	\$23,815,373	(4,721,808)	\$21,006,437
Federal grants and contracts		4,556,886		4,565,727
State and local grants and contracts		1,391,654		1,257,742
Nongovernmental grants and contracts		256,884		114,256
Sales and services of educational departments		898,536		938,740
Auxiliary enterprises:				
Residential facilities	4,726,319		4,519,229	
Less: scholarship allowances	(19,130)	4,707,189	(52,807)	4,466,422
Dining facilities	5,408,985		5,165,244	
Less: scholarship allowances	(2,210)	5,406,775		5,165,244
Intercollegiate athletics	2,021,984		1,879,256	
Less: scholarship allowances	(10,080)	2,011,904	(68,531)	1,810,725
Bookstores	3,013,440		3,225,553	
Less: scholarship allowances	(1,314)	3,012,126	(1,501)	3,224,052
Other auxiliary enterprises revenues	2,736,329		2,475,021	
Less: scholarship allowances	(6,506)	2,729,823	(68,431)	2,406,590
Other operating revenues		420,348		292,597
Total operating revenues		49,207,498		45,248,532
OPERATING EXPENSES:				
Instruction		25,558,675		24,343,190
Public service		2,293,367		2,439,353
Academic support		6,296,644		6,075,968
Student services		3,379,012		3,018,062
Institutional support		7,770,179		7,467,625
Operation and maintenance of plant		5,576,814		7,629,333
Scholarships and fellowships		3,081,559		1,226,925
Auxiliary enterprises:				
Residential facilities		5,314,811		4,541,623
Dining facilities		4,071,131		4,955,728
Intercollegiate athletics		2,209,893		1,923,180
Bookstores		3,079,241		2,961,524
Other auxiliary enterprises expenses		2,319,479		2,925,222
Total operating expenses		70,950,805		69,507,733
Operating income (loss)		(21,743,307)		(24,259,201)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		24,838,529		24,408,848
Gifts		361,213	\$1,139,652	98,993
Investment income	493,333		1,065,380	882,368
Less: Investment expense	(3,267)	490,066	(3,458)	285,213
Interest on indebtedness		(862,028)		(639,433)
Other affiliated foundation revenue			589,100	488,386
Other affiliated foundation expense			(3,516,848)	(1,501,566)
Transfers (to) from other University System of Maryland institutions		625,567		(250,844)
Total nonoperating revenue (expenses)		25,453,347	(722,716)	23,902,777
Income before other revenues, expenses, gains and losses		3,710,040	(722,716)	1,366,219
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations				2,728,289
Capital gifts and grants	1,740,854			20,602
Other gains and losses	(69,565)			(119,258)
Total other revenues, expenses, gains and losses		1,671,289		2,629,633
Increase (decrease) in net assets		5,381,329	(722,716)	2,273,209
Net assets - beginning of year		51,353,452	10,600,723	49,080,243
Net assets - end of year		\$56,734,781	\$9,878,007	\$51,353,452

**FROSTBURG STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$23,763,219	\$20,984,998
Research contracts and grants	5,794,571	6,027,707
Payments to employees	(46,635,724)	(46,520,772)
Payments to suppliers and contractors	(20,034,868)	(20,482,662)
Loans issued to students	(266,197)	(276,931)
Collections of loans to students	348,209	339,906
Auxiliary enterprises:		
Residential facilities	4,602,725	4,471,749
Dining facilities	5,336,799	5,074,483
Intercollegiate athletics	1,992,643	1,809,914
Bookstores	3,018,078	3,222,815
Other	2,677,211	2,442,356
Other receipts (payments)	1,470,042	1,125,274
Net cash provided (used) by operating activities	<u>(17,933,292)</u>	<u>(21,781,163)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	24,838,529	24,408,848
Nonoperating gifts	361,213	98,993
Other nonoperating gains and losses	(69,565)	(119,258)
Net cash provided (used) by noncapital financing activities	<u>25,130,177</u>	<u>24,388,583</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	1,339,310	12,426,095
Capital appropriations		2,728,289
Capital grants and gifts received	12,643	12,667
Purchases of capital assets	(2,624,473)	(7,710,809)
Principal paid on debt and capital leases	(2,671,379)	(10,531,876)
Interest paid on debt and capital leases	(889,072)	(608,954)
Transfers (to) from other University System of Maryland institutions	442,132	1,791,173
Net cash provided (used) by capital and related financing activities	<u>(4,390,839)</u>	<u>(1,893,415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	666,990	714,646
Interest on investments	417,646	184,610
Investment expense	101	(1,227)
Purchases of investments	(471,067)	(681,045)
Net cash provided (used) by investing activities	<u>613,670</u>	<u>216,984</u>
Net increase (decrease) in cash	3,419,716	930,989
Cash and cash equivalents - beginning of the year	<u>10,069,824</u>	<u>9,138,835</u>
Cash and cash equivalents - end of the year	<u><u>\$13,489,540</u></u>	<u><u>\$10,069,824</u></u>

**COPPIN STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents		\$1,018,737	(\$1,405,627)	\$437,340
Accounts receivable, net	\$4,346,777	106,702	8,293,832	160,198
Notes receivable, current portion	166,128		166,128	
Inventories	137,540		78,600	
Prepaid expenses	57,320	2,495	31,038	2,203
Inter-institutional balances	(948,550)		(740)	
Total current assets	3,759,215	1,127,934	7,163,231	599,741
Noncurrent assets:				
Restricted cash and cash equivalents	514,830		196,870	
Endowment investments	458,132	7,496,698	566,174	6,489,898
Notes receivable, net	756,708		973,833	
Capital assets, net	57,225,431		51,785,097	
Total noncurrent assets	58,955,101	7,496,698	53,521,974	6,489,898
Total assets	\$62,714,316	\$8,624,632	\$60,685,205	\$7,089,639
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$5,527,091	\$55,514	\$6,278,584	\$67,186
Accrued workers compensation, current portion	95,170		100,595	
Accrued vacation costs, current portion	702,468		936,135	
Revenue bonds and notes payable, current portion	1,307,818		1,034,722	
Deferred revenue	241,849		224,702	
Total current liabilities	7,874,396	55,514	8,574,738	67,186
Noncurrent liabilities:				
Accrued workers compensation	518,830		548,405	
Accrued vacation costs	1,361,342		1,096,660	
Revenue bonds and notes payable	22,220,133		23,459,861	
Total noncurrent liabilities	24,100,305		25,104,926	
Total liabilities	31,974,701	55,514	33,679,664	67,186
NET ASSETS				
Unrestricted	(5,410,673)	90,261	(2,597,907)	(21,735)
Invested in capital assets, net	33,697,480		27,290,514	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	307,552		307,333	
Other	240,125	7,518,335	215,125	6,595,153
Expendable:				
Scholarships and fellowships	29,322		26,351	
Loans	1,536,014		1,590,374	
Capital projects	339,795		173,751	
Other		960,522		449,035
Total net assets	30,739,615	8,569,118	27,005,541	7,022,453
Total liabilities and net assets	\$62,714,316	\$8,624,632	\$60,685,205	\$7,089,639

COPPIN STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$13,183,541		\$15,404,916	
Less: scholarship allowances	<u>(5,110,500)</u>	\$8,073,041	<u>(5,256,341)</u>	\$10,148,575
Federal grants and contracts		15,914,635		8,261,389
State and local grants and contracts		2,065,936		4,798,748
Nongovernmental grants and contracts		126,929		200,557
Sales and services of educational departments		1,162,481		
Auxiliary enterprises:				
Residential facilities	3,716,839		2,269,136	
Less: scholarship allowances		<u>3,716,839</u>	<u>(459,909)</u>	1,809,227
Intercollegiate athletics	2,974,708		2,234,753	
Less: scholarship allowances	<u>(940,318)</u>	2,034,390	<u>(815,728)</u>	1,419,025
Other auxiliary enterprises revenues				1,094,445
Other operating revenues		<u>19,541</u>		<u>325,855</u>
Total operating revenues		<u>33,113,792</u>		<u>28,057,821</u>
OPERATING EXPENSES:				
Instruction		18,081,733		16,065,820
Research		124,022		32,652
Academic support		3,394,254		3,027,458
Student services		5,343,192		3,835,613
Institutional support		14,008,804		14,170,391
Operation and maintenance of plant		7,211,899		3,517,612
Auxiliary enterprises:				
Residential facilities		4,349,651		2,377,974
Dining facilities		548,101		
Intercollegiate athletics		1,852,641		2,234,753
Other auxiliary enterprises expenses		<u>2,415,351</u>		<u>1,105,838</u>
Total operating expenses		<u>57,329,648</u>		<u>46,368,111</u>
Operating income (loss)		<u>(24,215,856)</u>		<u>(18,310,290)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		19,068,318		18,693,564
Gifts			\$1,984,365	\$1,845,448
Investment income	16,769		856,536	597,070
Less: Investment expense	<u>(2,584)</u>	14,185	<u>(2,694)</u>	70,418
Interest on indebtedness		(1,078,352)		(1,086,891)
Other nonoperating revenues (expenses)				(120,470)
Other affiliated foundation revenue			157,903	80,369
Other affiliated foundation expense			(1,452,139)	(894,401)
Transfers (to) from other University System of Maryland institutions		<u>(539,575)</u>		<u>(728,420)</u>
Total nonoperating revenues (expenses)		<u>17,464,576</u>		<u>16,828,201</u>
Income before other revenues, expenses, gains and losses		<u>(6,751,280)</u>		<u>(1,482,089)</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		10,505,951		2,342,168
Additions to permanent endowments		25,000		75,000
Other gains and losses		<u>(45,597)</u>		
Total other revenues, expenses, gains and losses		<u>10,485,354</u>		<u>2,417,168</u>
Increase (decrease) in net assets		<u>3,734,074</u>		<u>935,079</u>
Net assets - beginning of year		<u>27,005,541</u>		<u>26,070,462</u>
Net assets - end of year		<u>\$30,739,615</u>		<u>\$27,005,541</u>

**COPPIN STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$10,933,699	\$4,579,127
Research contracts and grants	17,982,682	11,530,607
Payments to employees	(30,431,616)	(28,244,358)
Payments to suppliers and contractors	(20,968,278)	(14,466,117)
Loans issued to students	(327,793)	(327,793)
Collections of loans to students	306,474	306,474
Auxiliary enterprises:		
Residential facilities	3,716,839	2,476,786
Intercollegiate athletics	2,034,390	1,419,025
Other		1,094,445
Other receipts (payments)	1,127,662	325,394
Net cash provided (used) by operating activities	(15,625,941)	(21,306,410)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	19,068,318	18,693,564
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	25,000	75,000
Other nonoperating gains and losses	247,208	(109,814)
Net cash provided (used) by noncapital financing activities	19,340,526	18,658,750
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	4,431,112	2,873,974
Capital appropriations	10,505,951	2,342,168
Purchases of capital assets	(10,982,106)	(3,834,249)
Principal paid on debt and capital leases	(5,837,590)	(2,975,167)
Interest paid on debt and capital leases	(1,098,826)	(849,240)
Transfers (to) from other University System of Maryland institutions	868,555	(484,015)
Net cash provided (used) by capital and related financing activities	(2,112,904)	(2,926,529)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	509,856	495,006
Interest on investments	(25,276)	(6,551)
Investment expense	(2,584)	(2,694)
Purchases of investments	(360,090)	(533,027)
Net cash provided (used) by investing activities	121,906	(47,266)
Net increase (decrease) in cash	1,723,587	(5,621,455)
Cash and cash equivalents - beginning of the year	(1,208,757)	4,412,698
Cash and cash equivalents - end of the year	\$514,830	(\$1,208,757)

**UNIVERSITY OF BALTIMORE
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$9,137,490	\$1,741,575	\$7,591,347	\$2,842,477
Investments		28,611,440		23,207,364
Accounts receivable, net	8,152,428	9,829,544	7,716,394	7,789,409
Notes receivable, current portion	936,805		468,059	
Inter-institutional balances	(52,269)			
Total current assets	18,174,454	40,182,559	15,775,800	33,839,250
Noncurrent assets:				
Restricted cash and cash equivalents	436,971		251,046	
Endowment investments		3,503,596		3,143,722
Notes receivable, net	2,690,452		2,616,791	
Capital assets, net	56,458,962	1,289,724	50,077,025	1,348,915
Total noncurrent assets	59,586,385	4,793,320	52,944,862	4,492,637
Total assets	\$77,760,839	\$44,975,879	\$68,720,662	\$38,331,887
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$3,936,152	\$672,377	\$3,134,870	\$354,600
Accrued workers compensation, current portion	71,920		80,135	
Accrued vacation costs, current portion	613,752		1,370,677	
Revenue bonds and notes payable, current portion	1,176,993		493,422	
Deferred revenue	1,393,395		1,573,759	
Total current liabilities	7,192,212	672,377	6,652,863	354,600
Noncurrent liabilities:				
Accrued workers compensation	392,080		436,865	
Accrued vacation costs	1,347,117		623,634	
Revenue bonds and notes payable	19,761,441		13,222,866	
Total noncurrent liabilities	21,500,638		14,283,365	
Total liabilities	28,692,850	672,377	20,936,228	354,600
NET ASSETS				
Unrestricted	9,483,233	10,104,924	7,715,563	6,637,664
Invested in capital assets, net	35,520,528		36,360,737	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		9,885,176		9,182,004
Other		19,328,293		19,607,664
Expendable:				
Scholarships and fellowships		879,308		593,733
Loans	3,627,257		3,457,088	
Capital projects	436,971		251,046	
Other		4,105,801		1,956,222
Total net assets	49,067,989	44,303,502	47,784,434	37,977,287
Total liabilities and net assets	\$77,760,839	\$44,975,879	\$68,720,662	\$38,331,887

UNIVERSITY OF BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$38,111,530		\$34,172,726	
Less: scholarship allowances	(3,760,471)	\$34,351,059	(3,026,243)	\$31,146,483
Federal grants and contracts		3,853,833		3,207,475
State and local grants and contracts		3,030,728		3,503,535
Nongovernmental grants and contracts		796,507		341,036
Sales and services of educational departments		138,541		168,424
Auxiliary enterprises:				
Parking facilities		229,484		1,032,971
Other auxiliary enterprises revenues		3,416,879		2,712,445
Other operating revenues		2,496,428		427,309
Total operating revenues		48,313,459		42,539,678
OPERATING EXPENSES:				
Instruction		27,155,738		23,967,536
Research		5,695,232		4,933,400
Academic support		9,876,922		11,010,572
Student services		4,562,527		4,133,329
Institutional support		11,381,907		10,908,088
Operation and maintenance of plant		4,796,485		5,151,948
Scholarships and fellowships		670,919		2,289,365
Auxiliary enterprises:				
Parking facilities		1,133,607		1,032,971
Other auxiliary enterprises expenses		903,812		900,571
Total operating expenses		66,177,149		64,327,780
Operating income (loss)		(17,863,690)		(21,788,102)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		21,297,219		20,904,051
Gifts		\$5,296,503		\$2,477,152
Investment income		322,499	3,203,775	133,219
Interest on indebtedness		(484,932)		(358,293)
Other nonoperating revenues (expenses)		8,379		94,491
Other affiliated foundation revenue		1,406,327		592,129
Other affiliated foundation expense		(3,580,390)		(2,986,135)
Transfers (to) from other University System of Maryland institutions		(2,454,211)		(2,162,649)
Total nonoperating revenues (expenses)		18,688,954	6,326,215	18,610,819
Income before other revenues, expenses, gains and losses		825,264	6,326,215	(3,177,283)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		32,486		81,842
Other gains and losses		425,805		
Total other revenues, expenses, gains and losses		458,291		81,842
Increase (decrease) in net assets		1,283,555	6,326,215	(3,095,441)
Net assets - beginning of year		47,784,434	37,977,287	50,879,875
Net assets - end of year		\$49,067,989	\$44,303,502	\$47,784,434

**UNIVERSITY OF BALTIMORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$33,800,459	\$31,681,995
Research contracts and grants	8,318,415	6,988,909
Payments to employees	(45,358,391)	(39,043,554)
Payments to suppliers and contractors	(17,017,950)	(20,961,928)
Loans issued to students	(848,451)	(964,780)
Collections of loans to students	936,805	740,210
Auxiliary enterprises:		
Parking facilities	229,484	1,032,971
Other	5,424,705	2,712,444
Other receipts (payments)	1,254,593	(210,927)
Net cash provided (used) by operating activities	(13,260,331)	(18,024,660)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	21,297,219	20,904,051
Other nonoperating gains and losses	(703,911)	94,491
Net cash provided (used) by noncapital financing activities	20,593,308	20,998,542
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	328,962	4,226,248
Capital appropriations	32,486	81,842
Purchases of capital assets	(10,218,911)	(3,809,294)
Principal paid on debt and capital leases	(1,244,506)	(3,442,928)
Interest paid on debt and capital leases	(605,814)	(341,690)
Transfers (to) from other University System of Maryland institutions	5,758,439	(638,237)
Net cash provided (used) by capital and related financing activities	(5,949,344)	(3,924,059)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	348,435	147,621
Net cash provided (used) by investing activities	348,435	147,621
Net increase (decrease) in cash	1,732,068	(802,556)
Cash and cash equivalents - beginning of the year	7,842,393	8,644,949
Cash and cash equivalents - end of the year	\$9,574,461	\$7,842,393

**SALISBURY UNIVERSITY
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$24,157,564	\$228,385	\$15,949,680	\$318,074
Investments		21,789,829		20,285,055
Accounts receivable, net	981,429	95,774	938,675	398,622
Notes receivable, current portion	269,666		255,369	
Inventories	944,631		1,125,641	
Prepaid expenses	59,234		70,726	
Inter-institutional balances	(1,893,159)		(2,004,528)	
Total current assets	24,519,365	22,113,988	16,335,563	21,001,751
Noncurrent assets:				
Restricted cash and cash equivalents	431,622		279,226	
Endowment investments		5,576,638		5,663,998
Notes receivable, net	895,449	56,690	962,795	65,457
Other assets		153,686		150,433
Capital assets, net	123,863,344	4,555,238	126,485,948	4,648,457
Total noncurrent assets	125,190,415	10,342,252	127,727,969	10,528,345
Total assets	\$149,709,780	\$32,456,240	\$144,063,532	\$31,530,096
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$5,707,604	\$1,163,622	\$5,323,002	\$1,155,860
Accrued workers compensation, current portion	107,570		137,020	
Accrued vacation costs, current portion	1,596,162		1,751,877	
Revenue bonds and notes payable, current portion	3,220,377	100,000	3,276,265	100,000
Deferred revenue	1,408,864	19,563	1,013,645	6,088
Total current liabilities	12,040,577	1,283,185	11,501,809	1,261,948
Noncurrent liabilities:				
Accrued workers compensation	586,430		746,980	
Accrued vacation costs	1,227,874		862,052	
Other payables		3,712,695		3,836,185
Revenue bonds and notes payable	32,343,952	790,971	35,759,308	890,971
Total noncurrent liabilities	34,158,256	4,503,666	37,368,340	4,727,156
Total liabilities	46,198,833	5,786,851	48,870,149	5,989,104
NET ASSETS				
Unrestricted	12,503,029	2,601,646	5,259,158	2,270,067
Invested in capital assets, net	88,299,015		87,450,375	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		5,028,499		18,535,428
Research		540,654		
Other		13,310,019		
Expendable:				
Scholarships and fellowships		698,762		2,780,613
Research	988,209	14,074	830,660	
Loans	1,289,072		1,373,964	
Capital projects	431,622		279,226	
Other		4,475,735		1,954,884
Total net assets	103,510,947	26,669,389	95,193,383	25,540,992
Total liabilities and net assets	\$149,709,780	\$32,456,240	\$144,063,532	\$31,530,096

SALISBURY UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$38,965,402		\$35,592,779	
Less: scholarship allowances	(4,708,318)	\$34,257,084	(4,321,100)	\$31,271,679
Federal grants and contracts		3,335,379		3,544,091
State and local grants and contracts		2,240,615		2,501,007
Nongovernmental grants and contracts		208,338		473,830
Sales and services of educational departments		606,467		205,436
Auxiliary enterprises:				
Residential facilities	11,067,311		10,643,190	
Less: scholarship allowances	(100,122)	10,967,189	(134,989)	10,508,201
Dining facilities	9,086,568		9,330,548	
Less: scholarship allowances	(2,380)	9,084,188	(14,683)	9,315,865
Intercollegiate athletics	2,251,085		2,155,723	
Less: scholarship allowances	(11,816)	2,239,269	(49,799)	2,105,924
Bookstores	4,799,845		4,782,756	
Less: scholarship allowances	(85)	4,799,760		4,782,756
Parking facilities		249,895		239,475
Other auxiliary enterprises revenues		1,214,784		814,096
Total operating revenues	69,202,968		65,762,360	
OPERATING EXPENSES:				
Instruction	29,277,856		27,069,130	
Research	2,164,516		3,559,886	
Public service	1,632,007			
Academic support	6,880,115		6,994,577	
Student services	4,049,715		4,375,043	
Institutional support	10,712,443		10,656,892	
Operation and maintenance of plant	9,508,627		9,019,338	
Scholarships and fellowships	101,857		138,915	
Auxiliary enterprises				
Residential facilities	6,238,306		5,718,287	
Dining facilities	8,536,295		8,624,935	
Intercollegiate athletics	2,105,873		1,725,160	
Bookstores	4,333,035		4,078,043	
Parking facilities	125,684		131,871	
Other auxiliary enterprises expenses	2,518,158		2,085,158	
Total operating expenses	88,184,487		84,177,235	
Operating income (loss)	(18,981,519)		(18,414,875)	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	25,995,091		25,442,364	
Gifts		\$1,742,786		\$1,844,992
Investment income	694,026	1,813,107	262,556	2,971,903
Interest on indebtedness	(1,848,893)		(1,785,155)	
Other affiliated foundation revenue		641,090		1,162,875
Other affiliated foundation expense		(3,068,586)		(3,419,673)
Transfers (to) from other University System of Maryland institutions	503,423		432,753	
Total nonoperating revenues (expenses)	25,343,647	1,128,397	24,352,518	2,560,097
Income before other revenues, expenses, gains and losses	6,362,128	1,128,397	5,937,643	2,560,097
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations	1,895,067		478,026	
Capital gifts and grants	180,132		310,536	
Other gains and losses	(119,763)		67,223	
Total other revenues, expenses, gains and losses	1,955,436		855,785	
Increase (decrease) in net assets	8,317,564	1,128,397	6,793,428	2,560,097
Net assets, beginning of year	95,193,383	25,540,992	88,399,955	22,980,895
Net assets, end of year	\$103,510,947	\$26,669,389	\$95,193,383	\$25,540,992

**SALISBURY UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$34,334,565	\$31,330,976
Research contracts and grants	6,133,418	6,388,754
Payments to employees	(59,352,023)	(59,115,331)
Payments to suppliers and contractors	(22,246,164)	(21,981,375)
Loans issued to students	(267,834)	(257,260)
Collections of loans to students	320,883	203,891
Auxiliary enterprises:		
Residential facilities	11,064,359	10,503,701
Dining facilities	9,272,224	9,257,815
Intercollegiate athletics	2,256,829	2,105,924
Bookstores	4,801,881	4,782,906
Parking facilities	249,895	239,475
Other	1,224,671	820,538
Other receipts (payments)	95,819	(125,462)
Net cash provided (used) by operating activities	<u>(12,111,477)</u>	<u>(15,845,448)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	25,995,091	25,442,364
Other nonoperating gains and losses	(119,763)	67,223
Net cash provided (used) by noncapital financing activities	<u>25,875,328</u>	<u>25,509,587</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	3,856,343	17,565,410
Capital appropriations	1,895,067	478,026
Capital grants and gifts received		81,769
Purchases of capital assets	(2,845,982)	(2,533,786)
Principal paid on debt and capital leases	(6,742,907)	(20,441,725)
Interest paid on debt and capital leases	(2,034,270)	(2,374,564)
Transfers (to) from other University System of Maryland institutions	(225,848)	(852,755)
Net cash provided (used) by capital and related financing activities	<u>(6,097,597)</u>	<u>(8,077,625)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	694,026	262,556
Net cash provided (used) by investing activities	<u>694,026</u>	<u>262,556</u>
Net increase (decrease) in cash	8,360,280	1,849,070
Cash and cash equivalents - beginning of the year	<u>16,228,906</u>	<u>14,379,836</u>
Cash and cash equivalents - end of the year	<u>\$24,589,186</u>	<u>\$16,228,906</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$89,680,342		\$79,860,029	
Accounts receivable, net	42,145,381	\$1,360,497	31,874,786	\$1,584,000
Notes receivable, current portion	233,871		346,741	
Inventories	2,857,920		3,449,177	
Prepaid expenses	141,510	8,265	110,752	6,000
Deferred charges	396,113		113,705	
Inter-institutional balances	(197,222)		(141,445)	
Total current assets	<u>135,257,915</u>	<u>1,368,762</u>	<u>115,613,745</u>	<u>1,590,000</u>
Noncurrent assets:				
Restricted cash and cash equivalents	295,680		193,047	
Endowment investments	120,203	13,655,786	153,764	10,067,257
Notes receivable, net	1,206,897	595,093	979,387	882,000
Capital assets, net	<u>79,679,582</u>	<u>3,060,096</u>	<u>69,695,828</u>	<u>2,623,000</u>
Total noncurrent assets	<u>81,302,362</u>	<u>17,310,975</u>	<u>71,022,026</u>	<u>13,572,257</u>
Total assets	<u>\$216,560,277</u>	<u>\$18,679,737</u>	<u>\$186,635,771</u>	<u>\$15,162,257</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$17,959,490	\$115,338	\$18,173,880	\$276,000
Accrued workers compensation, current portion	192,200		191,115	
Accrued vacation costs, current portion	3,716,843		3,504,859	
Revenue bonds and notes payable, current portion	823,674		1,133,961	
Deferred revenue	<u>24,057,226</u>		<u>13,419,624</u>	
Total current liabilities	<u>46,749,433</u>	<u>115,338</u>	<u>36,423,439</u>	<u>276,000</u>
Noncurrent liabilities:				
Accrued workers compensation	1,047,800		1,041,885	
Accrued vacation costs	3,538,696		2,678,522	
Revenue bonds and notes payable	<u>20,642,122</u>		<u>20,935,634</u>	
Total noncurrent liabilities	<u>25,228,618</u>		<u>24,656,041</u>	
Total liabilities	<u>71,978,051</u>	<u>115,338</u>	<u>61,079,480</u>	<u>276,000</u>
NET ASSETS				
Unrestricted	83,950,374	4,510,096	76,008,084	4,143,086
Invested in capital assets, net	58,213,786		47,626,233	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	23,177	4,996,476	23,080	3,421,732
Research		64,150		47,624
Other		5,311,034		3,706,536
Expendable:				
Scholarships and fellowships	104,016	735,185	105,139	689,380
Research	468,159	511,202	160,014	494,437
Loans	1,568,462		1,446,973	
Capital projects	254,252		186,768	
Other		<u>2,436,256</u>		<u>2,383,462</u>
Total net assets	<u>144,582,226</u>	<u>18,564,399</u>	<u>125,556,291</u>	<u>14,886,257</u>
Total liabilities and net assets	<u>\$216,560,277</u>	<u>\$18,679,737</u>	<u>\$186,635,771</u>	<u>\$15,162,257</u>

UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$178,886,979		\$159,118,158	
Less: scholarship allowances	(6,686,617)	\$172,200,362	(5,064,047)	\$154,054,111
Federal grants and contracts		7,134,592		8,561,370
State and local grants and contracts		1,023,983		353,357
Nongovernmental grants and contracts		286,222		453,644
Sales and services of educational departments		1,616,809		1,460,470
Auxiliary enterprises:				
Residential facilities		295,348		199,399
Bookstores		7,574,286		6,650,908
Parking facilities		894,035		847,984
Other auxiliary enterprises revenues		30		5,825
Other operating revenues		17,802,966		14,881,683
Total operating revenues		208,828,633		187,468,751
OPERATING EXPENSES:				
Instruction		74,361,230		67,996,393
Research		478,727		460,085
Public service		11,522,260		9,038,864
Academic support		20,996,851		22,798,332
Student services		35,245,985		27,952,571
Institutional support		38,127,427		33,971,415
Operation and maintenance of plant		13,148,548		10,445,838
Scholarships and fellowships		3,901,359		4,738,635
Auxiliary enterprises:				
Residential facilities		181,685		225,681
Bookstores		6,564,920		6,146,688
Parking facilities		733,991		596,024
Other auxiliary enterprises expenses				53,408
Total operating expenses		205,262,983		184,423,934
Operating income (loss)		3,565,650		3,044,817
NONOPERATING REVENUES (EXPENSES):				
State appropriations		14,633,278		14,469,494
Gifts			\$2,818,480	\$1,070,000
Investment income	1,865,638		2,211,960	778,000
Less: Investment expense	(672)	1,864,966	(732)	951,856
Interest on indebtedness		(923,285)		(337,075)
Other nonoperating revenues (expenses)				54,523
Other affiliated foundation revenue			71	5,000
Other affiliated foundation expense			(1,352,369)	(1,174,984)
Transfers (to) from other University System of Maryland institutions		(304,129)		(864,649)
Total nonoperating revenues (expenses)		15,270,830	3,678,142	14,274,149
Income before other revenues, expenses, gains and losses		18,836,480	3,678,142	678,016
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital gifts and grants				1,184
Other gains and losses		189,455		(156,005)
Total other revenues, expenses, gains and losses		189,455		(154,821)
Increase (decrease) in net assets		19,025,935	3,678,142	17,164,145
Net assets - beginning of period		125,556,291	14,886,257	108,392,146
Net assets - end of period		\$144,582,226	\$18,564,399	\$125,556,291

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$172,244,937	\$163,106,325
Research contracts and grants	6,457,750	9,895,402
Payments to employees	(122,973,703)	(112,932,222)
Payments to suppliers and contractors	(81,875,403)	(65,216,330)
Loans issued to students		(378,399)
Collections of loans to students	(114,640)	399,416
Auxiliary enterprises:		
Residential facilities	295,348	199,399
Bookstores	7,574,286	6,650,908
Parking facilities	894,035	847,984
Other	20,669	4,421
Other receipts (payments)	27,037,422	16,470,930
	<u>9,560,701</u>	<u>19,047,834</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	14,633,278	14,469,494
Other nonoperating gains and losses		245,639
	<u>14,633,278</u>	<u>14,715,133</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	4,973	13,060,845
Capital grants and gifts received	(1,739)	
Proceeds from sales of capital assets	406,716	20,764
Purchases of capital assets	(14,893,869)	(23,171,830)
Principal paid on debt and capital leases	(584,298)	(229,454)
Interest paid on debt and capital leases	(853,669)	(260,181)
Transfers (to) from other University System of Maryland institutions	(248,111)	(1,038,270)
	<u>(16,169,997)</u>	<u>(11,618,126)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	133,775	160,807
Interest on investments	1,860,341	939,582
Investment expense	(672)	(473)
Purchases of investments	(94,480)	(144,762)
	<u>1,898,964</u>	<u>955,154</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	9,922,946	23,099,995
Cash and cash equivalents - beginning of the year	<u>80,053,076</u>	<u>56,953,081</u>
Cash and cash equivalents - end of the year	<u>\$89,976,022</u>	<u>\$80,053,076</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEET
JUNE 30, 2005 AND 2004

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$18,549,917	\$202,443	\$7,201,902	\$176,238
Accounts receivable, net	24,234,811	8,869,008	29,183,559	9,312,000
Notes receivable, current portion	263,722		260,206	
Inventories	712,685		748,971	
Prepaid expenses	898,952	33,202	837,479	31,000
Inter-institutional balances	(185,681)		(17,185)	
Total current assets	44,474,406	9,104,653	38,214,932	9,519,238
Noncurrent assets:				
Restricted cash and cash equivalents	1,744,789		1,207,121	
Endowment investments	503,491	41,219,846	632,535	32,602,470
Notes receivable, net	1,712,663	6,682,033	1,835,691	7,985,000
Capital assets, net	269,621,188	2,973,576	262,986,340	2,981,638
Total noncurrent assets	273,582,131	50,875,455	266,661,687	43,569,108
Total assets	\$318,056,537	\$59,980,108	\$304,876,619	\$53,088,346
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$12,411,560	\$1,985,165	\$13,715,984	\$1,120,000
Accrued workers compensation, current portion	258,850		272,955	
Accrued vacation costs, current portion	3,256,000		2,980,748	
Revenue bonds and notes payable, current portion	5,801,886	46,252	4,974,365	40,099
Deferred revenue	9,484,415	760,159	5,798,471	725,295
Total current liabilities	31,212,711	2,791,576	27,742,523	1,885,394
Noncurrent liabilities:				
Accrued workers compensation	1,411,150		1,488,045	
Accrued vacation costs	4,789,400		4,383,886	
Other payables		378,113		333,620
Revenue bonds and notes payable	102,440,046	735,765	102,868,660	782,016
Total noncurrent liabilities	108,640,596	1,113,878	108,740,591	1,115,636
Total liabilities	139,853,307	3,905,454	136,483,114	3,001,030
NET ASSETS				
Unrestricted	11,864,438	4,927,990	4,789,916	4,449,664
Invested in capital assets, net	161,379,256		155,143,315	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	20,783	17,810,195	20,753	15,209,349
Research		228,667		211,687
Other		18,931,455		16,475,280
Expendable:				
Scholarships and fellowships	34,739	2,830,094	47,744	2,655,526
Research	874,022	1,967,875	4,922,476	1,904,596
Loans	2,458,719		2,288,009	
Capital projects	1,571,273		1,181,292	
Other		9,378,378		9,181,214
Total net assets	178,203,230	56,074,654	168,393,505	50,087,316
Total liabilities and net assets	\$318,056,537	\$59,980,108	\$304,876,619	\$53,088,346

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$78,508,915		\$73,410,003	
Less: scholarship allowances	(17,150,226)	\$61,358,689	(19,909,636)	\$53,500,367
Federal grants and contracts		54,051,302		48,478,417
State and local grants and contracts		23,337,338		30,409,654
Nongovernmental grants and contracts		17,680,495		11,523,018
Sales and services of educational departments		4,010,953		2,113,575
Auxiliary enterprises:				
Residential facilities	14,176,590		11,181,386	
Less: scholarship allowances	(3,140,359)	11,036,231	(2,922,639)	8,258,747
Dining facilities	9,726,040		7,690,971	
Less: scholarship allowances	(1,822,092)	7,903,948	(1,709,559)	5,981,412
Intercollegiate athletics		4,632,973		4,536,306
Bookstores	6,749,050		6,459,291	
Less: scholarship allowances	(9,245)	6,739,805	(12,643)	6,446,648
Other auxiliary enterprises revenues		11,220,163		14,077,498
Other operating revenues		1,950,448		523,207
Total operating revenues	203,922,345		185,848,849	
OPERATING EXPENSES:				
Instruction		78,419,559		76,847,184
Research		50,646,003		45,537,897
Public service		18,283,644		25,509,170
Academic support		19,299,568		17,789,230
Student services		9,208,901		9,498,596
Institutional support		26,271,394		26,187,848
Operation and maintenance of plant		19,690,614		16,946,291
Scholarships and fellowships		7,767,722		5,196,609
Auxiliary enterprises:				
Residential facilities		11,418,715		8,646,799
Dining facilities		8,946,022		6,775,423
Intercollegiate athletics		5,002,687		5,417,287
Bookstores		6,233,759		6,793,462
Other auxiliary enterprises expenses		4,076,186		2,321,466
Total operating expenses		265,264,774		253,467,262
Operating income (loss)		(61,342,429)		(67,618,413)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		66,376,510		65,417,441
Gifts			\$6,129,152	\$13,545,000
Investment income	477,561		6,319,030	3,905,413
Less: Investment expense	(2,829)	474,732	(3,042)	133,339
Interest on indebtedness		(4,700,714)		(4,502,063)
Other nonoperating revenues (expenses)		1,541,035		96,915
Other affiliated foundation revenue			148,098	204,401
Other affiliated foundation expense			(6,608,942)	(4,155,495)
Transfers (to) from other University System of Maryland institutions		(1,207,098)		(1,441,647)
Total nonoperating revenues (expenses)		62,484,465	5,987,338	59,703,985
Income before other revenues, expenses, gains and losses		1,142,036	5,987,338	(7,914,428)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		8,274,725		24,251,414
Capital gifts and grants		564,303		1,132,196
Other gains and losses		(171,339)		(88,809)
Total other revenues, expenses, gains and losses		8,667,689		25,294,801
Increase (decrease) in net assets		9,809,725	5,987,338	17,380,373
Net assets - beginning of year		168,393,505	50,087,316	151,013,132
Net assets - end of year		\$178,203,230	\$56,074,654	\$168,393,505

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$60,425,364	\$52,407,776
Research contracts and grants	105,772,348	83,580,573
Payments to employees	(165,346,427)	(160,600,336)
Payments to suppliers and contractors	(85,895,691)	(75,530,690)
Loans issued to students	(166,818)	(381,030)
Collections of loans to students	286,007	251,217
Auxiliary enterprises:		
Residential facilities	11,198,415	7,733,071
Dining facilities	8,030,654	5,600,690
Intercollegiate athletics	4,632,973	4,536,306
Bookstores	6,825,965	6,036,314
Parking facilities	4,703,929	4,247,567
Other	6,648,009	8,645,148
Other receipts (payments)	5,960,462	2,637,602
Net cash provided (used) by operating activities	(36,924,810)	(60,835,792)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	66,376,510	65,417,441
Other nonoperating gains and losses	1,544,605	96,914
Net cash provided (used) by noncapital financing activities	67,921,115	65,514,355
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	17,013,622	18,050,170
Capital appropriations	8,274,725	24,251,414
Purchases of capital assets	(22,649,656)	(35,780,015)
Principal paid on debt and capital leases	(21,786,883)	(16,172,383)
Interest paid on debt and capital leases	(4,834,803)	(4,539,428)
Transfers (to) from other University System of Maryland institutions	4,267,661	4,179,405
Net cash provided (used) by capital and related financing activities	(19,715,334)	(10,010,837)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	560,303	539,861
Interest on investments	442,958	140,442
Investment expense	(2,830)	(1,952)
Purchases of investments	(395,719)	(595,503)
Net cash provided (used) by investing activities	604,712	82,848
Net increase (decrease) in cash	11,885,683	(5,249,426)
Cash and cash equivalents - beginning of the year	8,409,023	13,658,449
Cash and cash equivalents - end of the year	\$20,294,706	\$8,409,023

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEET
JUNE 30, 2005 AND 2004

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$4,509,804		\$5,403,591	
Accounts receivable, net	4,727,346	\$164,538	2,873,454	\$110,000
Prepaid expenses		2,439		
Inter-institutional balances	(137,962)		(197,820)	
Total current assets	9,099,188	166,977	8,079,225	110,000
Noncurrent assets:				
Restricted cash and cash equivalents	8,938		16,861	
Endowment investments		818,041		782,282
Capital assets, net	62,012,270		63,921,361	
Total noncurrent assets	62,021,208	818,041	63,938,222	782,282
Total assets	\$71,120,396	\$985,018	\$72,017,447	\$892,282
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$2,641,444	\$23,596	\$1,953,593	\$42,000
Accrued workers compensation, current portion	73,780		85,560	
Accrued vacation costs, current portion	628,972		497,676	
Revenue bonds and notes payable, current portion	683,348		476,798	
Total current liabilities	4,027,544	23,596	3,013,627	42,000
Noncurrent liabilities:				
Accrued workers compensation	402,220		466,440	
Accrued vacation costs	2,296,479		1,864,216	
Revenue bonds and notes payable	7,144,382		7,089,231	
Total noncurrent liabilities	9,843,081		9,419,887	
Total liabilities	13,870,625	23,596	12,433,514	42,000
NET ASSETS				
Unrestricted	3,056,293	372,952	3,211,740	274,271
Invested in capital assets, net	54,184,540		56,355,332	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		23,807		21,702
Research		306		303
Other		25,306		23,508
Expendable:				
Scholarships and fellowships		107,613		102,519
Research		74,828		73,529
Capital projects	8,938		16,861	
Other		356,610		354,450
Total net assets	57,249,771	961,422	59,583,933	850,282
Total liabilities and net assets	\$71,120,396	\$985,018	\$72,017,447	\$892,282

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$14,052,720		\$13,691,098	
State and local grants and contracts	5,766,520		5,106,614	
Nongovernmental grants and contracts	1,325,119		962,402	
Sales and services of educational departments	2,724,972		2,340,353	
Other operating revenues			25,000	
Total operating revenues	23,869,331		22,125,467	
OPERATING EXPENSES:				
Research	39,982,175		36,263,110	
Operation and maintenance of plant	263,542		4,640	
Total operating expenses	40,245,717		36,267,750	
Operating income (loss)	(16,376,386)		(14,142,283)	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	13,151,931		13,018,726	
Gifts		\$194,855		\$286,000
Investment income	119,020	27,512		18,000
Interest on indebtedness	(334,433)		(240,020)	
Other affiliated foundation revenue		1,683		2,000
Other affiliated foundation expense		(112,910)		(213,718)
Transfers (to) from other University System of Maryland institutions	833,721		518,630	
Total nonoperating revenues (expenses)	13,770,239	111,140	13,297,336	92,282
Income before other revenues, expenses, gains and losses	(2,606,147)	111,140	(844,947)	92,282
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations	271,985		3,891,255	
Total other revenues, expenses, gains and losses	271,985		3,891,255	
Increase (decrease) in net assets	(2,334,162)	111,140	3,046,308	92,282
Net assets - beginning of year	59,583,933	850,282	56,537,625	758,000
Net assets - end of year	\$57,249,771	\$961,422	\$59,583,933	\$850,282

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$19,290,467	\$21,231,462
Payments to employees	(20,838,139)	(21,003,935)
Payments to suppliers and contractors	(15,425,628)	(12,626,837)
Other receipts (payments)	<u>2,736,972</u>	<u>2,365,353</u>
Net cash provided (used) by operating activities	<u>(14,236,328)</u>	<u>(10,033,957)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	<u>13,151,931</u>	<u>13,018,726</u>
Net cash provided (used) by noncapital financing activities	<u>13,151,931</u>	<u>13,018,726</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	630,276	3,782,219
Capital appropriations	271,985	3,891,255
Purchases of capital assets	(999,066)	(7,438,170)
Principal paid on debt and capital leases	(1,302,413)	(1,980,436)
Interest paid on debt and capital leases	(259,612)	(267,306)
Transfers (to) from other University System of Maryland institutions	<u>1,722,497</u>	<u>264,754</u>
Net cash provided (used) by capital and related financing activities	<u>63,667</u>	<u>(1,747,684)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>119,020</u>	<u> </u>
Net cash provided by investing activities	<u>119,020</u>	<u> </u>
Net increase (decrease) in cash	(901,710)	1,237,085
Cash and cash equivalents - beginning of the year	<u>5,420,452</u>	<u>4,183,367</u>
Cash and cash equivalents - end of the year	<u><u>\$4,518,742</u></u>	<u><u>\$5,420,452</u></u>

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$9,105,205		\$9,660,424	
Accounts receivable, net	6,466,660	\$293,766	5,290,632	\$103,000
Prepaid expenses		35,444	366,640	87,000
Inter-institutional balances	356,587		(417,505)	
Total current assets	15,928,452	329,210	14,900,191	190,000
Noncurrent assets:				
Restricted cash and cash equivalents	3,910		7	
Endowment investments		3,362,637		3,579,920
Capital assets, net	91,198,667		69,529,434	
Total noncurrent assets	91,202,577	3,362,637	69,529,441	3,579,920
Total assets	\$107,131,029	\$3,691,847	\$84,429,632	\$3,769,920
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$3,514,269	\$129,052	\$2,582,347	\$292,000
Accrued vacation costs, current portion	1,544,956		1,567,485	
Revenue bonds and notes payable, current portion	2,874			
Obligations under capital lease obligations, current portion	186,426		174,476	
Total current liabilities	5,248,525	129,052	4,324,308	292,000
Noncurrent liabilities:				
Accrued vacation costs	2,176,618		1,650,580	
Revenue bonds and notes payable	196,316			
Obligations under capital lease agreements	4,692,153		4,878,579	
Total noncurrent liabilities	7,065,087		6,529,159	
Total liabilities	12,313,612	129,052	10,853,467	292,000
NET ASSETS				
Unrestricted	8,187,085	391,576	8,290,606	314,461
Invested in capital assets, net	86,120,898		64,476,379	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		208,624		189,032
Research		2,679		2,631
Other		221,759		204,766
Expendable:				
Scholarships and fellowships		546,632		534,731
Research	505,524	380,094	809,173	383,520
Capital projects	3,910		7	
Other		1,811,431		1,848,779
Total net assets	94,817,417	3,562,795	73,576,165	3,477,920
Total liabilities and net assets	\$107,131,029	\$3,691,847	\$84,429,632	\$3,769,920

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$19,540,930		\$19,756,238	
State and local grants and contracts	10,042,019		3,879,426	
Nongovernmental grants and contracts	4,396,473		4,593,971	
Sales and services of educational departments	1,576,264		2,501,158	
Total operating revenues	35,555,686		30,730,793	
OPERATING EXPENSES:				
Research	53,087,195		45,803,947	
Total operating expenses	53,087,195		45,803,947	
Operating income (loss)	(17,531,509)		(15,073,154)	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	15,028,511		14,896,855	
Gifts		\$1,092,555		\$876,000
Investment income	262,874	226,336	153,309	134,000
Interest on indebtedness	(338,429)		(346,864)	
Other affiliated foundation revenue		92,500		106,000
Other affiliated foundation expense		(1,326,516)		(1,424,080)
Transfers (to) from other University System of Maryland institutions	1,265,131		662,006	
Total nonoperating revenues (expenses)	16,218,087	84,875	15,365,306	(308,080)
Income before other revenues, expenses, gains and losses	(1,313,422)	84,875	292,152	(308,080)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations	22,374,330		12,970,887	
Capital gifts and grants	180,344			
Total other revenues, expenses, gains and losses	22,554,674		12,970,887	
Increase (decrease) in net assets	21,241,252	84,875	13,263,039	(308,080)
Net assets - beginning of year	73,576,165	3,477,920	60,313,126	3,786,000
Net assets - end of year	\$94,817,417	\$3,562,795	\$73,576,165	\$3,477,920

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$32,803,393	\$27,849,192
Payments to employees	(27,584,942)	(26,227,106)
Payments to suppliers and contractors	(19,697,503)	(17,307,548)
Other receipts (payments)	1,576,264	2,501,158
Net cash provided (used) by operating activities	(12,902,788)	(13,184,304)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	15,028,511	14,896,855
Net cash provided (used) by noncapital financing activities	15,028,511	14,896,855
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	22,374,330	12,970,887
Purchases of capital assets	(25,549,903)	(14,632,557)
Principal paid on debt and capital leases	(174,474)	(163,289)
Interest paid on debt and capital leases	(280,095)	(346,864)
Transfers (to) from other University System of Maryland institutions	690,229	609,972
Net cash provided (used) by capital and related financing activities	(2,939,913)	(1,561,851)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	262,874	153,309
Net cash provided (used) by investing activities	262,874	153,309
Net increase (decrease) in cash	(551,316)	304,009
Cash and cash equivalents - beginning of the year	9,660,431	9,356,422
Cash and cash equivalents - end of the year	\$9,109,115	\$9,660,431

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEET
JUNE 30, 2005 AND 2004**

	June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$33,261,736	\$382,575	\$46,879,539	\$288,000
Accounts receivable, net	678,882	1,199,558	970,983	1,022,000
Prepaid expenses		100,948		18,000
Inter-institutional balances	5,190,944		2,115,755	
Total current assets	39,131,562	1,683,081	49,966,277	1,328,000
Noncurrent assets:				
Restricted cash and cash equivalents	42,062,615		80,232,313	
Endowment investments	7,159,808	25,824,370	9,292,406	21,574,833
Restricted investments	52,143,202			
Notes receivable, net		297,384		335,000
Other assets		1,678,631		1,168,000
Capital assets, net	39,780,249	2,295,884	32,814,219	2,150,000
Total noncurrent assets	141,145,874	30,096,269	122,338,938	25,227,833
Total assets	\$180,277,436	\$31,779,350	\$172,305,215	\$26,555,833
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$4,046,332	\$345,969	\$2,592,282	\$816,000
Accrued workers compensation, current portion	14,880		16,740	
Accrued vacation costs, current portion	470,015		475,521	
Revenue bonds and notes payable, current portion	1,713,505		2,891,133	
Total current liabilities	6,244,732	345,969	5,975,676	816,000
Noncurrent liabilities:				
Accrued workers compensation	81,120		91,260	
Accrued vacation costs	674,331		603,832	
Other payables		10,913,000		5,571,000
Revenue bonds and notes payable	75,736,467		81,830,100	
Total noncurrent liabilities	76,491,918	10,913,000	82,525,192	5,571,000
Total liabilities	82,736,650	11,258,969	88,500,868	6,387,000
NET ASSETS				
Unrestricted	40,399,353	8,787,403	51,168,188	10,105,701
Invested in capital assets, net	31,158,657		28,755,030	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	366,765	3,788,858	347,579	4,324,323
Research		48,645		60,303
Other	528,278	4,027,389	464,472	4,684,253
Expendable:				
Scholarships and fellowships	670,238	772,204	730,942	192,141
Research		536,944		137,806
Capital projects	22,466,668			
Other	1,950,827	2,558,938	2,338,136	664,306
Total net assets	97,540,786	20,520,381	83,804,347	20,168,833
Total liabilities and net assets	\$180,277,436	\$31,779,350	\$172,305,215	\$26,555,833

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,			
	2005		2004	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$2,524,618		\$2,172,266	
Nongovernmental grants and contracts			50,000	
Other operating revenues	(522,315)		21,098	
Total operating revenues	2,002,303		2,243,364	
OPERATING EXPENSES:				
Academic support	2,954,196		1,757,956	
Institutional support	12,657,402		12,586,969	
Total operating expenses	15,611,598		14,344,925	
Operating income (loss)	(13,609,295)		(12,101,561)	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	11,747,293		10,681,241	
Gifts		\$243,913		\$35,000
Investment income	\$6,221,758	355,014	\$788,174	4,634,444
Less: Investment expense	(133,780)	6,087,978	(44,876)	743,298
Interest on indebtedness	(2,548,099)		(1,998,177)	
Other affiliated foundation revenue		606,950		222,000
Other affiliated foundation expense		(854,329)		(5,844,142)
Transfers (to) from other University System of Maryland institutions	9,662,701		11,637,011	
Total nonoperating revenues (expenses)	24,949,873	351,548	21,063,373	(952,698)
Income before other revenues, expenses, gains and losses	11,340,578	351,548	8,961,812	(952,698)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES				
Capital appropriations	3,500,062		9,045,196	
Capital gifts and grants			18,453	
Other gains and losses	(1,104,201)		(949,563)	
Total other revenues, expenses, gains and losses	2,395,861		8,114,086	
Increase (decrease) in net assets	13,736,439	351,548	17,075,898	(952,698)
Net assets - beginning of year	83,804,347	20,168,833	66,728,449	21,121,531
Net assets - end of year	\$97,540,786	\$20,520,381	\$83,804,347	\$20,168,833

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004**

	Year ended June 30,	
	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$2,524,618	\$2,222,266
Payments to employees	(9,151,967)	(9,027,047)
Payments to suppliers and contractors	(3,445,351)	(3,000,491)
Other receipts (payments)	(160,783)	(792,487)
Net cash provided (used) by operating activities	<u>(10,233,483)</u>	<u>(10,597,759)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	11,747,293	10,681,241
Other nonoperating gains and losses	(1,104,200)	(949,563)
Net cash provided (used) by noncapital financing activities	<u>10,643,093</u>	<u>9,731,678</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	53,732,087	97,487,006
Capital appropriations	3,500,062	9,045,196
Capital grants and gifts received		8,178
Purchases of capital assets	(8,643,422)	(11,891,402)
Principal paid on debt and capital leases	(377,913)	(2,203,359)
Interest paid on debt and capital leases	(2,599,748)	(3,099,863)
Transfers (to) from other University System of Maryland institutions	(53,986,276)	7,643,718
Net cash provided (used) by capital and related financing activities	<u>(8,375,210)</u>	<u>96,989,474</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	7,956,561	9,496,227
Interest on investments	5,804,579	(523,348)
Investment expense	(133,780)	(44,876)
Purchases of investments	(57,449,261)	(8,742,287)
Net cash provided (used) by investing activities	<u>(43,821,901)</u>	<u>185,716</u>
Net increase (decrease) in cash	(51,787,501)	96,309,109
Cash and cash equivalents - beginning of the year	<u>127,111,852</u>	<u>30,802,743</u>
Cash and cash equivalents - end of the year	<u><u>\$75,324,351</u></u>	<u><u>\$127,111,852</u></u>

UNIVERSITY SYSTEM OF MARYLAND

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

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.