

UNIVERSITY SYSTEM OF MARYLAND

Financial Statements and Supplemental Data

For the Years Ended June 30, 2007 and 2006, 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 years ended June 30, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We 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 estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System and of its discretely presented component units as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States.

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 have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplemental data contained on pages 36 to 82 of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental 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 audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

October 26, 2007

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2007 AND 2006

The management of the University System of Maryland (System), provides the readers of the System's financial statements with this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2007 and 2006.

Financial Highlights

- Unrestricted net assets increased by \$131,153,385 for the year ended June 30, 2007, compared to an increase of \$76,049,094 for the year ended June 30, 2006.
- State appropriations legislated for the System increased by 15% for the year ended June 30, 2007, to \$933,537,277. For the year ended June 30, 2006, State appropriations increased by 7.1% from the amount received in the year ended June 30, 2005.
- Tuition and fees, after deducting Scholarship allowances, increased by \$47,568,222, or just over 5%, for the year ended June 30, 2007. During the year ended June 30, 2006, net Tuition and fees increased by more than 6%, or \$47,597,111.

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, the Statement of Revenues, Expenses and Changes in Net Assets, and the 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 consider in making decisions on expending assets. Over time, changes in 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 the related cash flows. Thus, revenues and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or vacation earned by employees but not used 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 current year. Sources and uses are organized into operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

The System's financial statements include all accounts and balances of the System 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, 2007, the System's financial health remains strong, with assets exceeding liabilities by \$3,424,332,174, shown on the Balance Sheet as Total Net Assets. This compares with Total Net Assets of \$3,077,725,790 as of June 30, 2006. As suggested earlier, when viewed over time, net assets may be useful as an indicator of financial health.

For the year ended June 30, 2007, total net assets increased by \$346,606,384. Net assets invested in capital assets, net of related debt, increased by \$190,295,478, while unrestricted net assets increased \$131,153,385, and restricted net asset categories increased by \$25,157,521.

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 significant portion of the \$131,153,385 increase in unrestricted net assets for the year ended June 30, 2007 is attributable to institutional efforts to limit expenditures, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

For the year ended June 30, 2006, total net assets increased by \$154,301,778. Net assets invested in capital assets, net of related debt, increased by \$92,341,896 while unrestricted net assets increased \$76,049,094, and temporarily restricted and permanently restricted net asset categories decreased by \$14,089,212.

The table below presents summary-level information of the System's assets, liabilities, and net assets as of June 30, 2007, 2006 and 2005.

**University System of Maryland
Condensed Balance Sheet
June 30, 2007, 2006 and 2005**

	2007	2006	2005
Current and other assets	\$1,596,331,019	\$1,352,831,211	\$1,345,133,203
Capital assets, net	3,248,364,874	3,103,409,930	3,043,635,642
Total assets	\$4,844,695,893	\$4,456,241,141	\$4,388,768,845
Debt and obligations under capital lease agreements	\$954,846,383	\$934,826,271	\$1,000,726,570
Other liabilities	465,517,336	443,689,080	464,618,263
Total liabilities	1,420,363,719	1,378,515,351	1,465,344,833
Net assets:			
Invested in capital assets, net of related debt	2,394,374,826	2,204,079,348	2,111,737,452
Restricted	303,146,551	277,989,030	292,078,242
Unrestricted	726,810,797	595,657,412	519,608,318
Total net assets	3,424,332,174	3,077,725,790	2,923,424,012
Net assets and liabilities	\$4,844,695,893	\$4,456,241,141	\$4,388,768,845

The table below presents summary-level information on the changes in the System's net assets for the years ended June 30, 2007, 2006 and 2005.

**University System of Maryland
Condensed Statement of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2007, 2006 and 2005**

	2007	2006	2005
Operating revenues	\$2,441,077,210	\$2,342,248,618	\$2,249,738,108
Operating expenses	3,320,914,383	3,148,332,309	2,922,268,635
Operating loss	(879,837,173)	(806,083,691)	(672,530,527)
State appropriations	933,537,277	811,587,718	757,697,687
Other nonoperating revenues and expenses, net	103,075,176	53,206,938	9,562,138
Total nonoperating revenues and expenses	1,036,612,453	864,794,656	767,259,825
Income before other revenues, expenses, gains and losses	156,775,280	58,710,965	94,729,298
Other revenues, expenses, gains and losses	189,831,104	95,590,813	137,859,767
Increase in net assets	346,606,384	154,301,778	232,589,065
Net assets, beginning of year	3,077,725,790	2,923,424,012	2,690,834,947
Net assets, end of year	\$3,424,332,174	\$3,077,725,790	\$2,923,424,012

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

For the years ended June 30, 2007, 2006 and 2005, Operating Revenues, which under the definitions used by GASB excludes State Appropriations, are detailed below:

	2007		2006		2005	
	\$	%	\$	%	\$	%
Tuition and fees	\$873,299,374	35.8%	\$825,731,152	35.3%	\$778,134,041	34.6%
Contracts and grants	915,160,680	37.5	894,892,206	38.2	886,518,344	39.4
Sales and services of educational departments	193,763,649	7.9	193,883,509	8.2	177,225,066	7.9
Auxiliary enterprises	404,857,492	16.6	380,383,142	16.3	366,320,070	16.3
Other operating	53,996,015	2.2	47,358,609	2.0	41,540,587	1.8
Total	\$2,441,077,210	100.0%	\$2,342,248,618	100.0%	\$2,249,738,108	100.0%

Tuition and fees reflect the increases in tuition rates and other student charges enacted for the years ended June 30, 2007 and 2006 for non-resident students, 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 Employee costs, Other payments, and Depreciation Expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses. For the year ended June 30, 2007, increases in Employee costs, most significantly in the Instruction, Academic support, and Institutional support program categories, account for most of the overall increase in Operating Expenses over the year ended June 30, 2006. Employee costs increased by more than 7% for the year ended June 30, 2006 over the previous year, in large part due to increased health care costs, as well as higher levels of contract and grant activities.

For the years ended June 30, 2007, 2006 and 2005, Operating Expenses are detailed below:

	2007		2006		2005	
	\$	%	\$	%	\$	%
Instruction	\$890,577,102	26.8%	\$861,190,251	27.4%	\$819,555,696	28.0%
Research	761,371,454	22.9	719,067,546	22.8	694,357,786	23.8
Public service	126,113,115	3.8	122,907,620	3.9	111,356,692	3.8
Academic support	287,337,936	8.7	259,224,184	8.2	239,220,492	8.2
Student services	143,441,415	4.3	125,431,531	4.0	114,784,013	3.9
Institutional support	317,336,126	9.6	300,468,318	9.5	276,260,027	9.5
Operation and maintenance of plant	261,288,566	7.9	248,442,713	7.9	204,024,446	7.0
Scholarships and fellowships	63,141,801	1.9	59,116,525	1.9	47,685,438	1.6
Auxiliary enterprises	369,809,173	11.1	354,218,448	11.3	327,306,069	11.2
Hospital	100,497,695	3.0	98,265,173	3.1	87,717,976	3.0
Total	\$3,320,914,383	100.0%	\$3,148,332,309	100.0%	\$2,922,268,635	100.0%

Capital Asset and Debt Administration

The System added \$337,946,003 in new capital assets during the year ended June 30, 2007. Of these additions, \$147,870,968 was funded through the use of State of Maryland debt proceeds or cash balances, \$44,334,947 was funded from the proceeds of System debt obligations, and the balance of \$145,740,088 was purchased using System cash balances or received as donations.

During the year ended June 30, 2007, several significant projects were completed and placed in service, including a \$72 million Biosciences Research building at the University of Maryland College Park, a \$21 million Center for Business and Graduate Studies at Bowie State University, and the third academic building at the Universities at Shady Grove, the System's first gold LEED certified building.

The System added \$242,558,640 in new capital assets during the year ended June 30, 2006. Of these additions, \$89,185,874 was funded through the use of State of Maryland debt proceeds or cash balances, \$60,746,805 was funded from the proceeds of System debt obligations, and the balance of \$92,625,961 was purchased using System cash balances or received as donations.

During the year ended June 30, 2006, several significant projects were completed and placed in service. A new dental school at the University of Maryland, Baltimore costing more than \$141 million was completed, while at the University of Maryland College Park, the \$21 million Center for Advanced Study of Language was put into service. A \$54 million addition and renovation of the Fine Arts Building at Towson University will greatly enhance the institution's facilities devoted to the arts, while at the University of Baltimore a new student center costing more than \$20 million will help facilitate the institution's transition to a full four year regional comprehensive institution. After expending almost \$60 million, a new Center for Advanced Research in Biotechnology for the University of Maryland Biotechnology Institute represents a significant public sector investment in biotech sciences for the I-270 corridor.

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.

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, 2007, the System refinanced \$75,630,000 of previously issued Revenue Bonds through the use of \$75,935,000 of 2007 Series A Revenue Bonds issued in April 2007. The refinancing resulted in a reduction in future principal and interest payments by more than \$3,674,057, in present value.

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.

Economic Factors and Next Year's Budget and Rates

The State of Maryland fiscal health has been strong the past several years, but recent downturns in the housing and credit markets, combined with several looming and large financial commitments, including a significant increase in funding of K-12 education, have resulted in a need for the State government to make revenue and expenditure changes that will bring future resources and spending into a more balanced situation. The State government is currently considering several alternatives for increased revenues and opportunities to reduce spending. Recently, state appropriations have constituted more than 27% of the combination of operating revenues and state appropriations.

The research capabilities of several System institutions, proximity to federal agencies, 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 and defense-related fields.

Enrollment has continued to increase in recent years with the System institutions adding more than 15,000 students in the last five years. Despite these increases, however, enrollment has not attained the anticipated levels predicted as a result of 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 Metzertott Road, Adelphi, Maryland 20783.

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,	
	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$863,051,127	\$739,399,677
Accounts receivable, net	278,971,189	252,701,405
Notes receivable, current portion	11,481,695	14,884,808
Inventories	8,827,438	9,178,938
Prepaid expenses	6,061,957	4,631,322
Deferred charges	889,618	458,380
Total current assets	1,169,283,024	1,021,254,530
Noncurrent assets:		
Restricted cash and cash equivalents	120,836,429	59,025,698
Endowment investments	246,335,587	214,268,643
Other investments		3,468,210
Notes receivable, net	59,875,979	54,814,130
Capital assets, net	3,248,364,874	3,103,409,930
Total noncurrent assets	3,675,412,869	3,434,986,611
Total assets	\$4,844,695,893	\$4,456,241,141
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$161,053,029	\$162,484,815
Accrued workers' compensation, current portion	4,183,140	4,024,575
Accrued vacation costs, current portion	70,500,611	68,649,597
Revenue bonds and notes payable, current portion	67,510,610	60,530,860
Obligations under capital lease agreements, current portion	212,840	199,196
Deferred revenue	133,064,662	117,804,913
Total current liabilities	436,524,892	413,693,956
Noncurrent liabilities:		
Accrued workers' compensation	22,804,860	21,940,425
Accrued vacation costs	73,911,034	68,784,755
Revenue bonds and notes payable	882,842,816	869,603,258
Obligations under capital lease agreements	4,280,117	4,492,957
Total noncurrent liabilities	983,838,827	964,821,395
Total liabilities	1,420,363,719	1,378,515,351
NET ASSETS		
Unrestricted	726,810,797	595,657,412
Invested in capital assets, net of related debt	2,394,374,826	2,204,079,348
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,214,937	11,022,919
Research	3,643,427	3,643,402
Other	14,855,039	14,515,039
Expendable:		
Scholarships and fellowships	51,885,424	47,662,419
Research	87,403,620	77,732,013
Loans	75,755,439	74,821,421
Capital projects	16,952,257	13,225,525
Other	41,436,408	35,366,292
Total net assets	3,424,332,174	3,077,725,790
Total liabilities and net assets	\$4,844,695,893	\$4,456,241,141

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, COMPONENT UNITS
JUNE 30, 2007**

	Major Component Units-----				Total Nonmajor Component Units
	Total	The University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	
ASSETS					
Current assets					
Cash	\$17,638,554	\$483,000	\$3,837,175	\$84,143	\$13,234,236
Accounts receivable	67,288,506	13,432,000	34,843,197	6,015,672	12,997,637
Other assets	1,207,397		637,642		569,755
Total current assets	86,134,457	13,915,000	39,318,014	6,099,815	26,801,628
Investments					
Investments	1,098,707,220	545,227,000	261,179,232	123,177,547	169,123,441
Total investments	1,098,707,220	545,227,000	261,179,232	123,177,547	169,123,441
Other assets					
Accounts receivable	62,808,160	12,096,000	42,512,014	8,062,818	137,328
Capital assets, net	21,589,847	9,279,000			12,310,847
Assets held for sale	64,000	64,000			
Other assets	11,924,032	378,000		5,621,343	5,924,689
Total other assets	96,386,039	21,817,000	42,512,014	13,684,161	18,372,864
Total assets	\$1,281,227,716	\$580,959,000	\$343,009,260	\$142,961,523	\$214,297,933
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$17,062,434	\$4,022,000	\$4,533,885	\$1,622,534	\$6,884,015
Long term debt, current	176,098				176,098
Deferred income	6,792,890	63,000	1,091,642		5,638,248
Total current liabilities	24,031,422	4,085,000	5,625,527	1,622,534	12,698,361
Other liabilities					
Other payables	19,707,678	10,955,000	2,571,194	1,604,048	4,577,436
Due to primary government	245,362,000	245,362,000			
Long term debt, noncurrent	1,225,706				1,225,706
Total other liabilities	266,295,384	256,317,000	2,571,194	1,604,048	5,803,142
Total liabilities	290,326,806	260,402,000	8,196,721	3,226,582	18,501,503
NET ASSETS					
Unrestricted	120,924,918	64,255,000	5,509,726	19,048,629	32,111,563
Temporarily restricted					
Scholarships & fellowships	72,021,584	14,508,000	41,987,949	8,212,529	7,313,106
Research	22,017,166	11,010,000	5,384,015	5,596,075	27,076
Other	237,747,200	34,948,000	115,080,491	42,641,556	45,077,153
Permanently restricted					
Scholarships & fellowships	197,942,796	94,233,000	46,078,882	16,237,832	41,393,082
Research	3,092,784	1,095,000	951,384	237,425	808,975
Other	337,154,462	100,508,000	119,820,092	47,760,895	69,065,475
Total net assets	990,900,910	320,557,000	334,812,539	139,734,941	195,796,430
Total liabilities & net assets	\$1,281,227,716	\$580,959,000	\$343,009,260	\$142,961,523	\$214,297,933

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, COMPONENT UNITS
JUNE 30, 2006**

	Major Component Units-----				
	Total	The University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units
ASSETS					
Current assets					
Cash	\$16,887,060	\$633,000	\$7,026,431	\$460,761	\$8,766,868
Accounts receivable	62,096,304	12,284,054	19,604,792	6,674,916	23,532,542
Other assets	952,401	173,000	100,611		678,790
Total current assets	79,935,765	13,090,054	26,731,834	7,135,677	32,978,200
Investments					
Investments	916,367,404	481,820,706	210,405,114	93,855,116	130,286,468
Total investments	916,367,404	481,820,706	210,405,114	93,855,116	130,286,468
Other assets					
Accounts receivable	72,320,633	13,717,000	50,183,957	8,292,682	126,994
Capital assets, net	17,814,902	7,187,000			10,627,902
Assets held for sale	1,945,000	1,945,000			
Other assets	11,511,927	350,000		5,388,337	5,773,590
Total other assets	103,592,462	23,199,000	50,183,957	13,681,019	16,528,486
Total assets	\$1,099,895,631	\$518,109,760	\$287,320,905	\$114,671,812	\$179,793,154
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$14,848,226	\$5,375,000	\$935,763	\$2,820,959	\$5,716,504
Long term debt, current	174,932				174,932
Deferred income	4,545,127	86,000	1,220,326		3,238,801
Total current liabilities	19,568,285	5,461,000	2,156,089	2,820,959	9,130,237
Other liabilities					
Other payables	20,558,258	11,908,760	2,105,604	1,565,533	4,978,361
Due to primary government	213,470,000	213,470,000			
Long term debt, noncurrent	1,376,804				1,376,804
Total other liabilities	235,405,062	225,378,760	2,105,604	1,565,533	6,355,165
Total liabilities	254,973,347	230,839,760	4,261,693	4,386,492	15,485,402
NET ASSETS					
Unrestricted	102,212,675	57,641,000	1,986,741	14,704,811	27,880,123
Temporarily restricted					
Scholarships & fellowships	58,010,998	12,264,000	35,539,092	4,833,926	5,373,980
Research	19,314,088	9,713,000	3,631,959	5,947,452	21,677
Other	191,635,137	34,495,000	89,121,125	32,960,969	35,058,043
Permanently restricted					
Scholarships & fellowships	175,344,201	88,197,000	39,325,147	11,707,838	36,114,216
Research	2,713,984	1,112,000	931,328	106,918	563,738
Other	295,691,201	83,848,000	112,523,820	40,023,406	59,295,975
Total net assets	844,922,284	287,270,000	283,059,212	110,285,320	164,307,752
Total liabilities & net assets	\$1,099,895,631	\$518,109,760	\$287,320,905	\$114,671,812	\$179,793,154

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,	
	2007	2006
OPERATING REVENUES:		
Tuition and fees	\$1,023,131,582	\$965,105,341
Less: scholarship allowances	<u>(149,832,208)</u>	<u>(139,374,189)</u>
Federal grants and contracts	643,895,164	617,374,578
State and local grants and contracts	154,130,275	156,160,454
Nongovernmental grants and contracts	117,135,241	121,357,174
Sales and services of educational departments	193,763,649	193,883,509
Auxiliary enterprises:		
Residential facilities	104,976,307	101,450,220
Less: scholarship allowances	<u>(8,322,628)</u>	<u>(7,859,517)</u>
Dining facilities	86,268,396	79,772,306
Less: scholarship allowances	<u>(4,923,741)</u>	<u>(4,574,093)</u>
Intercollegiate athletics	72,040,907	66,870,353
Less: scholarship allowances	<u>(3,057,909)</u>	<u>(2,506,725)</u>
Bookstores	32,230,686	31,576,233
Less: scholarship allowances	<u>(98,927)</u>	<u>(75,287)</u>
Parking facilities	35,505,976	32,418,295
Less: scholarship allowances	<u>(85,662)</u>	<u>(85,662)</u>
Other auxiliary enterprises revenues	90,344,920	83,314,239
Less: scholarship allowances	<u>(20,833)</u>	<u>(2,882)</u>
Other operating revenues	<u>53,996,015</u>	<u>47,358,609</u>
Total operating revenues	<u>2,441,077,210</u>	<u>2,342,248,618</u>
OPERATING EXPENSES:		
Instruction	890,577,102	861,190,251
Research	761,371,454	719,067,546
Public service	126,113,115	122,907,620
Academic support	287,337,936	259,224,184
Student services	143,441,415	125,431,531
Institutional support	317,336,126	300,468,318
Operation and maintenance of plant	261,288,566	248,442,713
Scholarships and fellowships	63,141,801	59,116,525
Auxiliary enterprises:		
Residential facilities	87,130,507	85,360,935
Dining facilities	80,566,451	73,508,956
Intercollegiate athletics	72,156,532	69,659,583
Bookstores	30,117,986	28,912,222
Parking facilities	23,385,877	23,224,705
Other auxiliary enterprises expenses	76,451,820	73,552,047
Hospital	<u>100,497,695</u>	<u>98,265,173</u>
Total operating expenses	<u>3,320,914,383</u>	<u>3,148,332,309</u>
Operating loss	<u>(879,837,173)</u>	<u>(806,083,691)</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	933,537,277	811,587,718
Gifts	36,841,845	21,637,805
Investment income	101,356,090	70,777,590
Less: Investment expense	<u>(533,676)</u>	<u>(493,616)</u>
Interest on indebtedness	100,822,414	70,283,974
	(43,497,160)	(42,455,505)
Other nonoperating revenues (expenses)	<u>8,908,077</u>	<u>3,740,664</u>
Total nonoperating revenue (expenses)	<u>1,036,612,453</u>	<u>864,794,656</u>
Income before other revenues, expenses, gains and losses	<u>156,775,280</u>	<u>58,710,965</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:		
Capital appropriations	147,870,968	89,185,874
Capital gifts and grants	30,732,389	9,079,426
Additions to permanent endowments	532,041	48,372
Other gains and losses	<u>10,695,706</u>	<u>(2,722,859)</u>
Total other revenues, expenses, gains and losses	<u>189,831,104</u>	<u>95,590,813</u>
Increase in net assets	<u>346,606,384</u>	<u>154,301,778</u>
Net assets - beginning of year	<u>3,077,725,790</u>	<u>2,923,424,012</u>
Net assets - end of year	<u>\$3,424,332,174</u>	<u>\$3,077,725,790</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2007**

	Total	The University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$18,267,949	\$4,956,000		\$8,941,133	\$4,370,816
Investment income	25,799,826	11,590,000	\$6,486,401	2,640,183	5,083,242
Other income	10,825,556	4,903,000	762,432	384,806	4,775,318
Assets released from restrictions	87,754,478	20,954,000	38,258,728	11,889,506	16,652,244
Total revenues	142,647,809	42,403,000	45,507,561	23,855,628	30,881,620
Expenses					
Program	104,532,098	25,955,000	40,714,433	18,006,102	19,856,563
General & administrative	10,863,083	4,688,000	701,736	1,043,302	4,430,045
Fundraising	6,089,871	3,841,000	568,407	462,406	1,218,058
Other expense	1,146,315				1,146,315
Total expenses	122,631,367	34,484,000	41,984,576	19,511,810	26,650,981
Transfer per Board Resolution	(1,305,000)	(1,305,000)			
Change in unrestricted net assets	18,711,442	6,614,000	3,522,985	4,343,818	4,230,639
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	76,199,094	13,405,000	38,888,750	7,591,148	16,314,196
Investment income	70,435,644	13,162,000	33,664,679	14,158,047	9,450,918
Other income	1,649,256		(361,145)		2,010,401
Assets released from restrictions	(87,015,695)	(20,954,000)	(38,361,109)	(11,889,506)	(15,811,080)
Transfer per Board Resolution	1,558,228	(1,619,000)	329,104	2,848,124	
Change in temporarily restricted net assets	62,826,527	3,994,000	34,160,279	12,707,813	11,964,435
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	28,964,622	3,142,000	13,647,377	7,407,060	4,768,185
Investment income	36,956,001	24,600,000		1,168,059	11,187,942
Other income	232,423		53,782		178,641
Assets released from restrictions	(738,783)		102,381		(841,164)
Transfer per Board Resolution	(973,606)	(5,063,000)	266,523	3,822,871	
Change in permanently restricted net assets	64,440,657	22,679,000	14,070,063	12,397,990	15,293,604
Total change in net assets	145,978,626	33,287,000	51,753,327	29,449,621	31,488,678
Net assets(deficit) beginning of year	844,922,284	287,270,000	283,059,212	110,285,320	164,307,752
Net assets(deficit) end of year	\$990,900,910	\$320,557,000	\$334,812,539	\$139,734,941	\$195,796,430

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2006**

	Major Component Units-----				Total Nonmajor Component Units
	Total	The University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$16,293,557	\$4,752,000	\$339,239	\$5,448,327	\$5,753,991
Investment income	15,179,373	8,818,000	2,978,032	1,354,309	2,029,032
Other income	9,462,628	4,505,000	772,863	551,969	3,632,796
Assets released from restrictions	90,346,607	24,433,000	29,104,558	20,711,418	16,097,631
Total revenues	<u>131,282,165</u>	<u>42,508,000</u>	<u>33,194,692</u>	<u>28,066,023</u>	<u>27,513,450</u>
Expenses					
Program	104,080,482	27,436,000	30,906,387	25,948,767	19,789,328
General & administrative	9,806,357	5,412,000	564,532	930,835	2,898,990
Fundraising	6,641,187	4,694,000	612,439	475,374	859,374
Other expense	268,377				268,377
Total expenses	<u>120,796,403</u>	<u>37,542,000</u>	<u>32,083,358</u>	<u>27,354,976</u>	<u>23,816,069</u>
Transfer per Board Resolution	(1,354,656)	(1,369,000)		14,344	
Change in unrestricted net assets	<u>9,131,106</u>	<u>3,597,000</u>	<u>1,111,334</u>	<u>725,391</u>	<u>3,697,381</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Revenues					
Contributions & grants	73,089,867	10,722,000	29,617,693	17,172,082	15,578,092
Investment income	36,149,627	10,712,000	14,873,064	5,341,823	5,222,740
Other income	2,023,117				2,023,117
Assets released from restrictions	(90,049,260)	(24,433,000)	(29,614,818)	(20,711,418)	(15,290,024)
Total revenues	<u>21,213,351</u>	<u>(2,999,000)</u>	<u>14,875,939</u>	<u>1,802,487</u>	<u>7,533,925</u>
Transfer per Board Resolution	7,926,440	(2,432,000)	9,636,643	721,797	
Change in temporarily restricted net assets	<u>29,139,791</u>	<u>(5,431,000)</u>	<u>24,512,582</u>	<u>2,524,284</u>	<u>7,533,925</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	48,073,542	11,750,000	18,024,066	7,811,845	10,487,631
Investment income	18,264,984	10,158,000	1,681,909	1,338,734	5,086,341
Other income	(1,342,923)				(1,342,923)
Assets released from restrictions	(297,347)		510,260		(807,607)
Transfer per Board Resolution	(7,705,603)	(26,273,000)	17,785,514	781,883	
Change in permanently restricted net assets	<u>56,992,653</u>	<u>(4,365,000)</u>	<u>38,001,749</u>	<u>9,932,462</u>	<u>13,423,442</u>
Total change in net assets	<u>95,263,550</u>	<u>(6,199,000)</u>	<u>63,625,665</u>	<u>13,182,137</u>	<u>24,654,748</u>
Net assets(deficit) beginning of year	<u>749,658,734</u>	<u>293,469,000</u>	<u>219,433,547</u>	<u>97,103,183</u>	<u>139,653,004</u>
Net assets(deficit) end of year	<u>\$844,922,284</u>	<u>\$287,270,000</u>	<u>\$283,059,212</u>	<u>\$110,285,320</u>	<u>\$164,307,752</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$885,072,085	\$823,373,909
Research contracts and grants	892,463,292	903,729,255
Payments to employees	(2,207,628,193)	(2,107,727,665)
Payments to suppliers and contractors	(909,272,524)	(895,218,706)
Loans issued to students	(14,783,061)	(14,257,318)
Collections of loans to students	12,552,019	14,996,633
Auxiliary enterprises:	-	-
Residential facilities	95,971,011	93,918,408
Dining facilities	81,229,362	75,339,898
Intercollegiate athletics	69,180,431	64,248,715
Bookstores	32,047,946	31,579,886
Parking facilities	35,388,974	32,411,672
Other	88,931,491	75,438,997
Other receipts	234,256,740	253,078,877
Net cash used by operating activities	(704,590,427)	(649,087,439)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	933,537,277	811,587,718
Nonoperating gifts	35,328,939	21,627,805
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	485,899	48,372
Other nonoperating gains and losses	8,832,377	7,980,721
Net cash provided by noncapital financing activities	978,184,492	841,244,616
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	160,286,449	
Capital appropriations	147,870,968	89,185,874
Capital grants and gifts received	29,146,211	4,774,483
Proceeds from sales of capital assets	28,228,891	325,893
Purchases of capital assets	(342,106,361)	(229,929,609)
Principal paid on debt and capital leases	(137,431,673)	(65,362,443)
Interest paid on debt and capital leases	(46,033,355)	(44,055,825)
Net cash used by capital and related financing activities	(160,038,870)	(245,061,627)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	14,773,722	199,721,369
Interest on investments	58,251,732	55,441,668
Investment expense	(533,676)	(489,191)
Purchases of investments	(584,792)	(197,401,749)
Net cash provided by investing activities	71,906,986	57,272,097
Net increase (decrease) in cash	185,462,181	4,367,647
Cash and cash equivalents - beginning of the year	798,425,375	794,057,728
Cash and cash equivalents - end of the year	\$983,887,556	\$798,425,375
SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Change in unrealized appreciation on investments	\$42,883,264	\$15,815,618
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	(\$879,837,173)	(\$806,083,691)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	174,213,655	167,621,982
Changes in assets and liabilities:		
Accounts receivables, net	(26,269,784)	4,641,818
Inventories	351,500	139,970
Prepaid expenses and deferred charges	(1,861,873)	(908,706)
Notes receivable	(1,658,736)	8,220,364
Accounts payable and accrued liabilities	7,211,942	(31,463,195)
Deferred revenue	15,259,749	(1,535,550)
Accrued vacation	6,977,293	8,270,569
Accrued workers' compensation	1,023,000	2,009,000
Net cash used by operating activities	(\$704,590,427)	(\$649,087,439)

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2007 AND 2006

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

During the years ended June 30, 2007 and 2006, the foundations distributed approximately \$62,000,000 and \$66,000,000, 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, 2006 have been reclassified to conform with the presentation for the year ended June 30, 2007.

Pending change in accounting principles – 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. Implementation of changes to the funding of postemployment benefits other than pensions is expected to result in a significant increase in amounts remitted by state agencies, including the System.

In September 2006, *GASB Statement #48, Sales and Pledges of Receivables and Future Revenues and Intra-entity Transfers of Assets and Future Revenues* was issued. This statement requires that certain transfers of receivables or the rights to future revenues to another entity be treated as either a sale, or a collateralized borrowing resulting in a liability.

In November 2006, *GASB Statement #49, Accounting and Financial Reporting for Pollution Remediation Obligations*, was issued. This statement specifies the accounting and financial reporting appropriate for pollution remediation obligations.

In May 2007, *GASB Statement #50, Pension Disclosures*, was issued, changing the financial reporting requirements for pensions to more closely conform with those for other postemployment benefits.

- 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:

	<u>2007</u>	<u>2006</u>
Money market accounts –		
Endowment funds uninvested cash	\$410,483	\$509,852
Money market accounts – unspent proceeds of debt	<u>120,425,946</u>	<u>58,515,846</u>
Total	<u>\$120,836,429</u>	<u>\$59,025,698</u>

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

Investments

In July 2005, the System transferred title to its endowment investments, approximately \$202 million in fair market value at the time of the transfer, to the University System of Maryland Foundation, Inc., in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the University System of Maryland Foundation, Inc. According to the terms of the agreement, the System is to pay a fee to the University System of Maryland Foundation, Inc., on an annual basis that amounts to .25% of the fair value of the assets invested on behalf of the System. The agreement is for a term of five years, with renewable two-year extensions at the option of the System, unless notice of intent to terminate the arrangement is provided within 180 days prior to the expiration of the term. In the event of termination of the arrangement, funds invested with individual investment managers that have commitments from the University System of Maryland Foundation, Inc. to maintain investments for certain minimum time periods may not be returned to the System until those constraints have been satisfied.

Investments in the University System of Maryland Foundation, Inc. are accounted for as an open-ended mutual fund. Asset values, investment gains and losses, and other portfolio-wide transactions are allocated based on the number of units or shares that each fund has relative to the total number of shares or units. Assets associated with the System's investments are reported as Endowment Investments on the Balance Sheet of the University System of Maryland, and Investments on the Balance Sheet of the University System of Maryland Foundation, Inc., with a corresponding liability reflecting the fair value of the System's interest in the investment portfolio.

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.

Endowment Investments managed by the University System of Maryland Foundation, Inc. are uninsured and are not registered in the name of the System, as they are a part of a commingled portfolio comprising proportionate interests of several different entities.

Credit risk

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

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.

Endowment investments

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

	<u>2007</u>	<u>2006</u>
Corporate debt	\$122,182	\$103,932
Corporate equities	850,955	694,351
Assets invested with University System of Maryland Foundation, Inc.	<u>245,362,450</u>	<u>213,470,360</u>
Total	<u>\$246,335,587</u>	<u>\$214,268,643</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.

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% 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 \$197,332,000 and \$166,267,000 as of June 30, 2007 and 2006, 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, 2007 and 2006, investment income attributed to unrestricted funds and restricted funds was:

	<u>2007</u>	<u>2006</u>
Unrestricted funds	\$64,047,384	\$45,967,671
Restricted funds	37,308,706	24,809,919
Total investment income	<u>\$101,356,090</u>	<u>\$70,777,590</u>

Major component units

The University System of Maryland Foundation, Inc. invests funds on behalf of the System and several other System component units. Almost 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, 2007 and 2006, major component unit investments, recorded at fair value, are:

	<u>2007</u>	<u>2006</u>
Money market funds and short-term investments	\$49,243,718	\$11,020,230
Corporate and foreign bonds	8,052,036	37,710,911
Equities	115,095,415	162,772,002
U.S. Treasury notes and bonds	56,948,019	35,656,583
U.S. Agencies	3,316,962	2,303,307
Collateral mortgage obligations and asset-backed securities	13,579,491	18,836,483
Absolute return and market neutral funds	196,930,443	163,106,399
Long and short equity hedge funds	338,179,816	238,817,082
Private capital	60,080,618	38,887,221
Real estate	88,157,261	76,970,718
Total	<u>\$929,583,779</u>	<u>\$786,080,936</u>

2. CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2007 and 2006 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, 2007 and 2006 was \$43,775,905 and \$43,318,610, respectively. Interest expense of \$278,745 and \$863,105 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2007 and 2006, respectively. The remaining \$43,497,160 and \$42,455,505 is reported as Interest on indebtedness for the years ended June 30, 2007 and 2006, respectively.

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

Accounts receivable as of June 30, 2007 and 2006 were comprised of:

	<u>2007</u>	<u>2006</u>
Tuition and fees	\$84,460,421	\$85,787,082
Contracts and grants	196,919,375	166,253,018
Other	15,493,585	21,458,577
	<hr/>	<hr/>
Subtotal	296,873,381	273,498,677
Allowance for doubtful accounts	(17,902,192)	(20,797,272)
	<hr/>	<hr/>
Accounts receivable, net	<u>\$278,971,189</u>	<u>\$252,701,405</u>

Notes receivable as of June 30, 2007 and 2006 were comprised of:

	<u>2007</u>	<u>2006</u>
Student loans	\$75,513,258	\$74,257,900
Business development loans	5,943,912	6,514,584
	<hr/>	<hr/>
Subtotal	81,457,170	80,772,484
Allowance for doubtful notes	(10,099,496)	(11,073,546)
	<hr/>	<hr/>
Notes receivable, net	<u>\$71,357,674</u>	<u>\$69,698,938</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2007 AND 2006

	June 30, 2005			June 30, 2006			June 30, 2007
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
Capital assets being depreciated:							
Infrastructure & Land Improvements	\$191,948,981	\$9,392,082	\$620,817	\$200,720,246	\$21,051,225		\$221,771,471
Buildings & Improvements	3,448,255,152	146,373,355	13,728,623	3,580,899,884	255,111,487	34,062,742	3,801,948,629
Contents	791,558,914	70,020,765	28,745,043	832,834,636	86,664,180	27,621,753	891,877,063
Buildings recorded under capital lease agreements	4,136,104			4,136,104			4,136,104
Total capital assets being depreciated	4,435,899,151	225,786,202	43,094,483	4,618,590,870	362,826,892	61,684,495	4,919,733,267
Less accumulated depreciation for:							
Infrastructure & Land Improvements	91,183,373	7,896,647	620,817	98,459,203	9,108,211	4,300	107,563,114
Buildings & Improvements	1,179,194,501	95,876,236	4,871,277	1,270,199,460	101,020,962	17,245,212	1,353,975,210
Contents	520,856,196	63,711,224	22,605,650	561,961,770	63,946,607	25,658,648	600,249,729
Buildings recorded under capital lease agreements	2,068,125	137,875		2,206,000	137,875		2,343,875
Total accumulated depreciation	1,793,302,195	167,621,982	28,097,744	1,932,826,433	174,213,655	42,908,160	2,064,131,928
Total capital assets being depreciated, net	2,642,596,956	58,164,220	14,996,739	2,685,764,437	188,613,237	18,776,335	2,855,601,339
Capital assets not being depreciated:							
Land	103,115,153	605,867		103,721,020	9,435,700		113,156,720
Contents	10,767,934	1,114,178	165,631	11,716,481	1,008,521	1,069	12,723,933
Construction in progress	287,155,599	135,108,286	120,055,893	302,207,992	184,818,516	220,143,626	266,882,882
Total capital assets not being depreciated	401,038,686	136,828,331	120,221,524	417,645,493	195,262,737	220,144,695	392,763,535
Capital assets, net	\$3,043,635,642	\$194,992,551	\$135,218,263	\$3,103,409,930	\$383,875,974	\$238,921,030	\$3,248,364,874

Accounts payable and accrued liabilities as of June 30, 2007 and 2006 were comprised of:

	<u>2007</u>	<u>2006</u>
Payroll and benefits	\$59,971,731	\$52,932,348
Suppliers and contractors	77,049,468	75,002,939
Accrued interest payable	9,591,060	8,104,199
Other	14,440,770	26,445,329
	<hr/>	<hr/>
Accounts payable and accrued liabilities	<u>\$161,053,029</u>	<u>\$162,484,815</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, 2007 and 2006, contributions receivable are due as follows:

University System of Maryland Foundation, Inc.

<u>Due</u>	<u>Discount rates</u>	<u>2007</u>	<u>2006</u>
Within one year		\$10,754,000	\$7,894,000
Two to five years	1.13% – 6.5%	10,778,000	12,349,000
More than five years	3.83% - 6.75%	1,103,000	1,470,000
		<hr/>	<hr/>
Subtotal		22,635,000	21,713,000
Pledge discount		(1,119,000)	(1,461,000)
		<hr/>	<hr/>
Net contributions receivable		<u>\$21,516,000</u>	<u>\$20,252,000</u>

University of Maryland, College Park Foundation, Inc.

<u>Due</u>		<u>2007</u>	<u>2006</u>
Within one year		\$35,882,924	\$20,027,261
Two to five years		38,985,541	44,964,336
More than five years		10,625,544	14,450,615
		<hr/>	<hr/>
Subtotal		85,494,009	79,442,212
Allowance for doubtful accounts		(2,917,491)	(2,690,916)
Pledge discount		(5,633,698)	(7,425,148)
		<hr/>	<hr/>
Net contributions receivable		<u>\$76,942,820</u>	<u>\$69,326,148</u>

University of Maryland, Baltimore Foundation, Inc.

Due	Discount rates	2007	2006
Within one year		\$6,266,570	\$6,965,887
Two to five years	4.98%	9,162,046	9,285,921
More than five years	5.03%	313,333	215,590
Subtotal		15,741,949	16,467,398
Allowance for doubtful accounts		(669,111)	(662,503)
Pledge discount		(1,190,672)	(1,018,091)
Net contributions receivable		\$13,882,166	\$14,786,804

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 \$1,050,000,000.

Revenue bonds and notes payable consist of the following as of June 30, 2007 and 2006:

	2007	2006
Revenue Bonds, net	\$868,958,016	\$845,637,835
Revolving Loan Program Bonds	65,000,000	65,000,000
Certificates of Participation	11,800,000	14,500,000
Other	4,595,410	4,996,283
Revenue bonds and notes payable, net	\$950,353,426	\$930,134,118

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2007, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
1997 Series A	5.0%	2008-2010	\$12,055,000
1998 Series A	5.0%	2008-2011	33,065,000
1999 Series A	4.0% - 4.5%	2007-2019	70,150,000
1999 Refunding Series B	4.7% - 4.8%	2007-2008	1,020,000
2000 Series A	4.7% - 5.2%	2007-2012	19,905,000
2001 Series A	4.0% - 4.7%	2008-2016	33,540,000
2001 Series B	3.5% - 4.6%	2008-2022	45,000,000
2002 Series A	4.0% - 5.2%	2008-2020	77,840,000
2003 Series A & B	3.0% - 5.0%	2008-2024	172,755,000
2004 Series A & B	4.0% - 6.0%	2008-2024	58,980,000
2005 Series A	2.5% - 5.0%	2008-2025	164,170,000
2006 Series A	4.0% - 5.0%	2007-2026	80,000,000
2007 Series A	4.0% - 5.0%	2008-2023	75,935,000
			<u>844,415,000</u>
Unamortized discounts, premiums and refunding adjustments			<u>24,543,016</u>
Revenue bonds, net			<u><u>\$868,958,016</u></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, 2007 and 2006, 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)
2006 Series A	7/19/2006	\$80,000,000	\$2,929,597	-	-	-	-
2007 Refunding Series A	5/9/2007	75,935,000	3,836,355	\$75,630,000	\$4,961,403	\$2,232,317	\$3,674,057

As of June 30, 2007, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$243,320,000.

As of June 30, 2007 and 2006, cash and cash equivalents are restricted by the terms of the Indenture of Trust in the amount of \$82,802,699 and \$30,995,010, respectively.

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, 2007 and 2006, cash and cash equivalents in the amount of \$36,433,335 and \$27,520,836, 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 are made annually on June 1 from 2003 through 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	
2008	\$64,135,000	\$38,748,468	\$1,675,614	\$4,525,787	\$109,084,869
2009	66,390,000	36,198,606	1,923,696	4,430,311	108,942,613
2010	64,340,000	33,190,267	2,050,064	4,327,451	103,907,782
2011	61,840,000	30,403,730	2,170,424	4,217,863	98,632,017
2012	58,680,000	27,631,629	2,278,125	4,101,471	92,691,225
2013 – 2017	250,875,000	101,977,996	6,297,487	18,712,947	377,863,430
2018 – 2022	207,880,000	42,552,010	44,000,000	14,245,000	308,677,010
2023 – 2027	70,275,000	6,569,366	21,000,000	96,250	97,940,616
Total	<u>\$844,415,000</u>	<u>\$317,272,072</u>	<u>\$81,395,410</u>	<u>\$54,657,080</u>	<u>\$1,297,739,562</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:

Year ending June 30,	Total
2008	\$511,986
2009	511,986
2010	511,986
2011	511,986
2012	511,986
2013 – 2017	2,559,930
2018 – 2022	<u>1,791,951</u>
Total future lease payments	6,911,811
Interest component	<u>(2,418,854)</u>
Obligations under capital lease agreements	<u><u>\$4,492,957</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>
2008	\$9,920,355
2009	8,222,316
2010	6,607,898
2011	5,309,849
2012	4,089,679
2013-2017	15,157,088
2018-2022	13,722,886
2023-2027	<u>8,517,589</u>
Total	<u><u>\$71,547,660</u></u>

Operating lease expenditures for the years ended June 30, 2007 and 2006 were \$6,576,606 and \$6,747,595, 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. Historical cost values of the disparate tracts of land leased to developers for use in providing student housing have not been calculated as each individual tract is a small portion of land acquired at varying points in time for institutional use and purposes.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2007 AND 2006

6. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2007 and 2006 were as follows:

	June 30, 2005			June 30, 2006			June 30, 2007	Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year
Accrued vacation costs	\$129,163,783	\$79,505,273	\$71,234,704	\$137,434,352	\$78,586,210	\$71,608,917	\$144,411,645	\$70,500,611
Accrued workers' compensation	23,956,000	5,653,318	3,644,318	25,965,000	4,804,227	3,781,227	26,988,000	4,183,140
Revenue bonds and notes payable, net	995,847,991		65,713,873	930,134,118	160,504,964	140,285,656	950,353,426	67,510,610
Obligations under capital lease agreements	4,878,579		186,426	4,692,153		199,196	4,492,957	212,840
Total long-term liabilities	\$1,153,846,353	\$85,158,591	\$140,779,321	\$1,098,225,623	\$243,895,401	\$215,874,996	\$1,126,246,028	\$142,407,201

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, 2007 and 2006 by grouping of object classification are:

	2007				2006			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$774,963,193	\$87,869,075	\$27,744,834	\$890,577,102	\$725,615,857	\$110,748,760	\$24,825,634	\$861,190,251
Research	492,898,995	242,221,204	26,251,255	761,371,454	459,654,281	238,234,516	21,178,749	719,067,546
Public service	73,363,519	49,975,678	2,773,918	126,113,115	71,886,189	48,230,492	2,790,939	122,907,620
Academic support	192,928,104	74,681,924	19,727,908	287,337,936	172,286,014	67,269,629	19,668,541	259,224,184
Student services	95,393,959	44,981,804	3,065,652	143,441,415	83,415,617	39,060,673	2,955,241	125,431,531
Institutional support	250,510,008	48,167,384	18,658,734	317,336,126	232,927,842	49,602,436	17,938,040	300,468,318
Operation and maintenance of plant	93,353,266	135,738,064	32,197,236	261,288,566	87,231,458	125,971,801	35,239,454	248,442,713
Scholarships and fellowships	4,485,253	58,562,336	94,212	63,141,801	4,665,567	54,375,238	75,720	59,116,525
Auxiliary enterprises:								
Residential facilities	32,742,826	40,331,761	14,055,920	87,130,507	31,293,790	40,441,034	13,626,111	85,360,935
Dining facilities	27,256,346	49,670,947	3,639,158	80,566,451	25,090,537	44,993,998	3,424,421	73,508,956
Intercollegiate athletics	34,485,215	32,590,230	5,081,087	72,156,532	32,217,648	32,279,587	5,162,348	69,659,583
Bookstores	4,517,953	25,402,359	197,674	30,117,986	4,427,963	22,299,232	2,185,027	28,912,222
Parking facilities	7,887,068	12,106,565	3,392,244	23,385,877	7,123,839	14,617,184	1,483,682	23,224,705
Other auxiliary enterprises	37,675,522	21,452,113	17,324,185	76,451,820	35,235,733	21,253,606	17,062,708	73,552,047
Hospital	100,488,057		9,638	100,497,695	95,826,963	2,432,843	5,367	98,265,173
Total	\$2,222,949,284	\$923,751,444	\$174,213,655	\$3,320,914,383	\$2,068,899,298	\$911,811,029	\$167,621,982	\$3,148,332,309

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 6,100 retired employees receiving these benefits amounted to \$37,750,304 and \$35,532,199 for the years ended June 30, 2007 and 2006, respectively.

9. RETIREMENT AND PENSION PLANS

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

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

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

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

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

State Systems

Plan Description

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

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. Retirement allowances are computed using both the highest three years' average final salary (AFS) and the actual number of years of accumulated creditable service. Pension allowances are computed using both the highest three consecutive years' AFS and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these

options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

Funding Policy

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

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

The System made its required contributions during the years ended June 30, 2007, 2006, and 2005 of \$40,168,172, \$32,045,644, and \$26,641,689, respectively.

Optional Retirement Program

Some employees participate in the optional retirement programs, which are defined contribution money purchase plans funded currently each year and invested in specific funds offered by one of three vendors. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. Qualified employees are eligible to participate from the date of employment.

State legislation provides that the System contribute 7.25% of covered employees' annual salaries each month. The System's contribution along with that of the employee is immediately and fully vested.

The contributions for the year ended June 30, 2007 were \$122,893,009, which consisted of \$57,406,585 from the System and \$65,486,424 from employees. The contributions for the year ended June 30, 2006 were \$115,827,661, which consisted of \$54,175,247 from the System and \$61,652,414 from employees

Major component units

The University System of Maryland Foundation, Inc. maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The University System of Maryland Foundation, Inc. contributes 7.25% of the employee's compensation to the plan. In addition, eligible employees are entitled to make voluntary contributions to the plan. Total pension expense for the years ended June 30, 2007 and 2006 was approximately \$175,064 and \$120,215, respectively.

10. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2007 is \$229,513,000, of which \$62,724,000 is to be funded from Revenue Bond proceeds, \$128,581,000 is to be derived from State appropriations and grants, and \$38,208,000 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, 2007 and 2006, the institution had entered into open contracts for the purchase of \$22,378,205 and \$18,398,694, respectively, of natural gas, to be delivered monthly through May 2009.

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, 2007 and 2006. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2007, 2006, or 2005.

As of June 30, 2007 and 2006, the System has recorded \$26,988,000 and \$25,956,000 in liabilities associated with workers' compensation, respectively.

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEET
JUNE 30, 2007 AND 2006

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$112,044,847	\$824,677	\$114,937,624	\$1,114,450
Accounts receivable, net	95,404,599	6,852,932	82,414,349	7,588,608
Notes receivable, current portion	2,027,274		1,973,526	
Prepaid expenses		104,316		164,348
Inter-institutional balances	296,376		29,864	
Total current assets	209,773,096	7,781,925	199,355,363	8,867,406
Noncurrent assets:				
Restricted cash and cash equivalents	311,793		364,687	
Endowment investments	96,867,254	154,827,775	84,577,315	128,067,292
Other investments			186,370	
Notes receivable, net	26,790,891	8,181,402	28,264,240	8,406,883
Other assets		5,644,045		5,411,039
Capital assets, net	584,724,820	18,391	578,997,772	25,781
Total noncurrent assets	708,694,758	168,671,613	692,390,384	141,910,995
Total assets	\$918,467,854	\$176,453,538	\$891,745,747	\$150,778,401
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$32,408,194	\$2,246,908	\$35,088,705	\$3,434,055
Accrued workers' compensation, current portion	956,350		949,995	
Accrued vacation costs, current portion	25,976,210		23,629,234	
Revenue bonds and notes payable, current portion	6,429,133		6,432,504	
Deferred revenue	25,218,022	4,695	26,792,849	15,596
Total current liabilities	90,987,909	2,251,603	92,893,287	3,449,651
Noncurrent liabilities:				
Accrued workers' compensation	5,213,650		5,179,005	
Accrued vacation costs	24,273,153		22,958,847	
Other payables		1,703,849		1,588,235
Revenue bonds and notes payable	101,357,393		98,847,099	
Total noncurrent liabilities	130,844,196	1,703,849	126,984,951	1,588,235
Total liabilities	221,832,105	3,955,452	219,878,238	5,037,886
NET ASSETS				
Unrestricted	111,500,665	22,467,024	98,881,205	20,273,141
Invested in capital assets, net	476,938,294		473,718,169	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,494,351	26,399,460	5,445,962	22,454,793
Research	144,440	355,504	144,440	242,417
Other	10,353,834	58,599,188	10,353,834	50,240,427
Expendable:				
Scholarships and fellowships	33,455,456	8,880,535	31,792,460	5,710,048
Research	6,182,083	6,103,019	1,491,863	6,641,334
Loans	29,273,666		29,810,637	
Capital projects	311,793		299,254	
Other	22,981,167	49,693,356	19,929,685	40,178,355
Total net assets	696,635,749	172,498,086	671,867,509	145,740,515
Total liabilities and net assets	\$918,467,854	\$176,453,538	\$891,745,747	\$150,778,401

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$85,086,832		\$77,291,827	
Less: scholarship allowances	(18,004,421)	\$67,082,411	(17,709,077)	\$59,582,750
Federal grants and contracts		218,518,237		209,502,388
State and local grants and contracts		47,186,431		45,044,676
Nongovernmental grants and contracts		55,130,383		51,031,387
Sales and services of educational departments		149,179,377		149,661,484
Auxiliary enterprises:				
Residential facilities		668,226		688,264
Bookstores		180,000		173,820
Parking facilities		11,551,242		10,853,963
Other auxiliary enterprises revenues		6,228,465		6,915,963
Total operating revenues		555,724,772		533,454,695
OPERATING EXPENSES:				
Instruction		151,206,853		153,147,646
Research		296,607,322		267,135,531
Public service		1,275,610		4,176,840
Academic support		41,916,771		35,742,532
Student services		4,478,385		4,374,892
Institutional support		56,506,021		61,070,959
Operation and maintenance of plant		60,620,414		60,176,704
Scholarships and fellowships		750,833		926,849
Auxiliary enterprises:				
Residential facilities		731,388		793,389
Bookstores		56,651		68,232
Parking facilities		9,630,595		10,599,406
Other auxiliary enterprises expenses		8,185,674		9,254,430
Hospital		100,497,695		98,265,173
Total operating expenses		732,464,212		705,732,583
Operating income (loss)		(176,739,440)		(172,277,888)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		157,678,766		145,702,081
Gifts		14,424,207	\$25,543,209	7,241,460
Investment income	23,422,566		23,750,768	12,171,921
Less: Investment expense	(211,443)	23,211,123	16,372,926	16,263,400
Interest on indebtedness		(4,587,891)	(109,526)	(3,633,486)
Other affiliated foundation revenue			734,940	845,947
Other affiliated foundation expense			(23,271,346)	(30,221,084)
Transfers (to) from other University System of Maryland institutions		(3,150,041)		9,655,110
Total nonoperating revenues (expenses)		187,576,164	26,757,571	175,228,565
Income before other revenues, expenses, gains and losses		10,836,724	26,757,571	2,950,677
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		1,955,101		3,728,097
Capital gifts and grants		277,540		1,109,148
Additions to permanent endowments		48,389		30,243
Other gains and losses		11,650,486		
Total other revenues, expenses, gains and losses		13,931,516		4,867,488
Increase (decrease) in net assets		24,768,240	26,757,571	7,818,165
Net assets - beginning of year		671,867,509	145,740,515	664,049,344
Net assets - end of year		\$696,635,749	\$172,498,086	\$671,867,509

**UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$67,587,716	\$58,638,689
Research contracts and grants	301,239,063	304,854,988
Payments to employees	(509,284,671)	(485,654,197)
Payments to suppliers and contractors	(180,549,102)	(191,592,273)
Loans issued to students	(3,817,676)	(6,229,054)
Collections of loans to students	4,759,948	4,786,691
Auxiliary enterprises:		
Residential facilities	668,226	688,264
Bookstores	180,000	173,820
Parking facilities	11,551,242	10,853,963
Other	6,257,385	647,517
Other receipts (payments)	149,039,938	155,607,001
Net cash provided (used) by operating activities	(152,367,931)	(147,224,591)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	157,678,766	145,702,081
Nonoperating gifts	14,613,848	7,241,460
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	48,389	30,243
Other nonoperating gains and losses		
Net cash provided (used) by noncapital financing activities	172,341,003	152,973,784
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	13,366,038	
Capital appropriations	1,955,101	3,728,097
Proceeds from sales of capital assets	25,000,000	
Purchases of capital assets	(55,287,191)	(45,044,688)
Principal paid on debt and capital leases	(16,187,678)	(4,971,504)
Interest paid on debt and capital leases	(5,146,300)	(3,670,862)
Transfers (to) from other University System of Maryland institutions	2,460,089	21,120,691
Net cash provided (used) by capital and related financing activities	(33,839,941)	(28,838,266)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	4,560,389	58,149,857
Interest on investments	6,645,600	10,231,554
Investment expense	(211,443)	(109,526)
Purchases of investments	(73,348)	(78,190,966)
Net cash provided (used) by investing activities	10,921,198	(9,919,081)
Net increase (decrease) in cash	(2,945,671)	(33,008,154)
Cash and cash equivalents - beginning of the year	115,302,311	148,310,465
Cash and cash equivalents - end of the year	\$112,356,640	\$115,302,311

UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEET
JUNE 30, 2007 AND 2006

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$373,931,831	\$7,474,426	\$309,815,397	\$10,254,285
Accounts receivable, net	79,734,784	41,362,108	65,862,892	24,741,451
Notes receivable, current portion	3,258,739		2,775,720	
Inventories	2,079,684		2,045,986	
Prepaid expenses	1,195,141	721,430	1,144,257	257,303
Inter-institutional balances	1,309,558		411,354	
Total current assets	461,509,737	49,557,964	382,055,606	35,253,039
Noncurrent assets:				
Restricted cash and cash equivalents	2,118,996		3,062,516	
Endowment investments	127,957,985	404,488,387	111,266,853	340,179,754
Other investments			3,281,840	
Notes receivable, net	8,646,824	45,717,441	7,441,079	55,055,406
Other assets		156,903		202,171
Capital assets, net	1,169,299,762	1,482,308	1,135,366,766	1,500,544
Total noncurrent assets	1,308,023,567	451,845,039	1,260,419,054	396,937,875
Total assets	\$1,769,533,304	\$501,403,003	\$1,642,474,660	\$432,190,914
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$50,070,159	\$8,120,096	\$48,405,686	\$5,170,865
Accrued workers' compensation, current portion	1,714,610		1,496,680	
Accrued vacation costs, current portion	21,182,164		20,565,746	
Revenue bonds and notes payable, current portion	26,705,641		26,221,525	
Deferred revenue	58,429,141	1,164,142	49,933,862	1,356,638
Total current liabilities	158,101,715	9,284,238	146,623,499	6,527,503
Noncurrent liabilities:				
Accrued workers' compensation	9,347,390		8,159,320	
Accrued vacation costs	26,451,392		25,414,366	
Other payables		3,155,843		5,464,064
Revenue bonds and notes payable	320,966,216		344,525,579	
Noncurrent liabilities	356,764,998	3,155,843	378,099,265	5,464,064
Total liabilities	514,866,713	12,440,081	524,722,764	11,991,567
NET ASSETS				
Unrestricted	299,746,043	49,981,575	232,784,434	40,168,885
Invested in capital assets, net	821,627,905		764,619,662	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	4,709,621	84,334,508	4,612,135	74,654,276
Research	3,498,987	1,395,919	3,498,962	1,374,224
Other	3,819,082	162,201,983	3,479,082	147,245,549
Expendable:				
Scholarships and fellowships	17,157,540	48,522,446	14,815,253	41,576,799
Research	78,025,162	10,342,990	69,005,570	8,413,780
Loans	12,021,221		11,394,020	
Capital projects	1,503,517		2,910,268	
Other	12,557,513	132,183,501	10,632,510	106,765,834
Total net assets	1,254,666,591	488,962,922	1,117,751,896	420,199,347
Total liabilities and net assets	\$1,769,533,304	\$501,403,003	\$1,642,474,660	\$432,190,914

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$350,058,269		\$334,695,758	
Less: scholarship allowances	<u>(45,543,775)</u>	\$304,514,494	<u>(44,164,474)</u>	\$290,531,284
Federal grants and contracts		253,367,040		246,194,646
State and local grants and contracts		41,978,516		41,452,940
Nongovernmental grants and contracts		49,657,191		47,900,429
Sales and services of educational departments		29,577,452		28,031,809
Auxiliary enterprises:				
Residential facilities	43,324,638		40,762,448	
Less: scholarship allowances	<u>(4,527,225)</u>	38,797,413	<u>(3,565,694)</u>	37,196,754
Dining facilities	39,712,103		37,187,697	
Less: scholarship allowances	<u>(2,401,426)</u>	37,310,677	<u>(2,000,293)</u>	35,187,404
Intercollegiate athletics		43,572,301		40,982,274
Parking facilities		13,628,302		12,872,508
Other auxiliary enterprises revenues		34,946,780		32,519,467
Other operating revenues		<u>28,675,265</u>		<u>25,366,313</u>
Total operating revenues		<u>876,025,431</u>		<u>838,235,828</u>
OPERATING EXPENSES:				
Instruction		343,002,948		332,489,337
Research		287,328,401		278,331,079
Public service		66,195,160		63,903,452
Academic support		114,691,838		106,638,821
Student services		35,934,800		33,056,458
Institutional support		68,111,071		64,374,058
Operation and maintenance of plant		94,105,731		90,565,557
Scholarships and fellowships		33,590,135		29,372,655
Auxiliary enterprises:				
Residential facilities		43,116,090		43,170,388
Dining facilities		38,977,702		36,136,511
Intercollegiate athletics		44,576,382		42,181,496
Parking facilities		9,505,739		8,925,913
Other auxiliary enterprises expenses		<u>33,968,664</u>		<u>33,589,590</u>
Total operating expenses		<u>1,213,104,661</u>		<u>1,162,735,315</u>
Operating income (loss)		<u>(337,079,230)</u>		<u>(324,499,487)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		370,688,761		328,809,523
Gifts		19,668,944	\$68,386,574	13,829,533
Investment income	46,299,010		60,275,676	\$66,902,703
Less: Investment expense	<u>(278,123)</u>	46,020,887	<u>(144,458)</u>	35,307,782
Interest on indebtedness		(16,574,571)		(17,781,381)
Other nonoperating revenues (expenses)				
Other affiliated foundation revenue			6,116,855	5,848,049
Other affiliated foundation expense			<u>(66,015,530)</u>	<u>(65,907,372)</u>
Transfers (to) from other University System of Maryland institutions		<u>2,741,026</u>		<u>3,466,151</u>
Total nonoperating revenues (expenses)		<u>422,545,047</u>	<u>68,763,575</u>	<u>361,666,641</u>
Income before other revenues, expenses, gains and losses		<u>85,465,817</u>	<u>68,763,575</u>	<u>37,167,154</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		22,156,414		34,889,618
Capital gifts and grants		28,944,519		6,390,727
Additions to permanent endowments		437,510		18,129
Other gains and losses		<u>(89,565)</u>		<u>(81,677)</u>
Total other revenues, expenses, gains and losses		<u>51,448,878</u>		<u>41,216,797</u>
Increase (decrease) in net assets		136,914,695	68,763,575	78,383,951
Net assets - beginning of year		<u>1,117,751,896</u>	<u>420,199,347</u>	<u>1,039,367,945</u>
Net assets - end of year		<u>\$1,254,666,591</u>	<u>\$488,962,922</u>	<u>\$1,117,751,896</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$306,795,349	\$290,838,143
Research contracts and grants	344,162,938	333,111,098
Payments to employees	(823,651,645)	(804,110,312)
Payments to suppliers and contractors	(317,688,148)	(311,594,224)
Loans issued to students	(3,388,357)	(2,561,432)
Collections of loans to students	1,699,593	3,038,860
Auxiliary enterprises:		
Residential facilities	34,547,173	36,647,534
Dining facilities	37,310,677	35,187,404
Intercollegiate athletics	43,572,301	42,482,274
Parking facilities	13,628,302	12,872,508
Other	34,946,780	32,519,467
Other receipts (payments)	48,917,040	54,865,268
	<u>(279,147,997)</u>	<u>(276,703,412)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	370,688,761	328,809,523
Nonoperating gifts	19,668,944	13,829,533
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	437,510	18,129
Other nonoperating gains and losses	(89,565)	(81,677)
	<u>390,705,650</u>	<u>342,575,508</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	29,629,389	
Capital appropriations	22,156,414	34,889,618
Capital grants and gifts received	28,944,519	4,390,717
Proceeds from sales of capital assets	2,964,752	187,571
Purchases of capital assets	(96,907,830)	(72,539,163)
Principal paid on debt and capital leases	(55,919,313)	(32,282,926)
Interest paid on debt and capital leases	(17,767,289)	(18,340,943)
Transfers (to) from other University System of Maryland institutions	5,903,024	5,168,831
	<u>(80,996,334)</u>	<u>(78,526,295)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	9,055,689	77,452,147
Interest on investments	24,271,539	26,072,509
Investment expense	(278,123)	(144,458)
Purchases of investments	(437,510)	(103,132,235)
	<u>32,611,595</u>	<u>247,963</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	63,172,914	(12,406,236)
Cash and cash equivalents - beginning of the year	<u>312,877,913</u>	<u>325,284,149</u>
Cash and cash equivalents - end of the year	<u>\$376,050,827</u>	<u>\$312,877,913</u>

**BOWIE STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$8,560,263	\$552,708	\$2,019,690	\$506,685
Accounts receivable, net	6,768,505	377,792	6,684,934	273,973
Notes receivable, current portion	188,042		245,293	
Prepaid expenses		18,588		18,718
Inter-institutional balances	(80,229)		(250,741)	
Total current assets	<u>15,436,581</u>	<u>949,088</u>	<u>8,699,176</u>	<u>799,376</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,188,799		1,258,080	
Endowment investments		5,073,395		4,024,278
Notes receivable, net	513,153		453,612	
Capital assets, net	87,695,576	4,362	72,564,464	4,478
Total noncurrent assets	<u>89,397,528</u>	<u>5,077,757</u>	<u>74,276,156</u>	<u>4,028,756</u>
Total assets	<u>\$104,834,109</u>	<u>\$6,026,845</u>	<u>\$82,975,332</u>	<u>\$4,828,132</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$5,329,506	\$186,907	\$3,949,746	\$55,439
Accrued workers' compensation, current portion	69,595		70,835	
Accrued vacation costs, current portion	787,766		793,837	
Revenue bonds and notes payable, current portion	893,053	25,000	552,194	25,000
Deferred revenue	3,134,498		2,535,670	912
Total current liabilities	<u>10,214,418</u>	<u>211,907</u>	<u>7,902,282</u>	<u>81,351</u>
Noncurrent liabilities:				
Accrued workers' compensation	379,405		386,165	
Accrued vacation costs	1,181,649		970,247	
Revenue bonds and notes payable	7,350,527		11,731,615	
Total noncurrent liabilities	<u>8,911,581</u>		<u>13,088,027</u>	
Total liabilities	<u>19,125,999</u>	<u>211,907</u>	<u>20,990,309</u>	<u>81,351</u>
NET ASSETS				
Unrestricted	3,916,843	309,085	(658,496)	264,915
Invested in capital assets, net	79,451,996		60,280,655	
Restricted:				
Nonexpendable:				
Other		5,100,219		4,097,092
Expendable:				
Loans	1,150,472		1,104,784	
Capital projects	1,188,799		1,258,080	
Other		405,634		384,774
Total net assets	<u>85,708,110</u>	<u>5,814,938</u>	<u>61,985,023</u>	<u>4,746,781</u>
Total liabilities and net assets	<u>\$104,834,109</u>	<u>\$6,026,845</u>	<u>\$82,975,332</u>	<u>\$4,828,132</u>

BOWIE STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$29,702,653		\$27,677,321	
Less: scholarship allowances	(6,711,131)	\$22,991,522	(6,318,461)	\$21,358,860
Federal grants and contracts		11,000,358		10,838,038
State and local grants and contracts		1,848,855		2,513,616
Nongovernmental grants and contracts		197,045		187,146
Sales and services of educational departments		191,117		150,519
Auxiliary enterprises:				
Residential facilities	3,788,677		3,480,374	
Less: scholarship allowances	(144,735)	3,643,942	(172,114)	3,308,260
Dining facilities	2,307,767		2,160,813	
Less: scholarship allowances	(238,135)	2,069,632	(216,423)	1,944,390
Intercollegiate athletics	2,494,052		2,007,171	
Less: scholarship allowances	(221,726)	2,272,326	(155,898)	1,851,273
Parking facilities		210,629		301,391
Other auxiliary enterprises revenues		2,684,593		2,594,192
Other operating revenues		29,191		29,958
Total operating revenues		47,139,210		45,077,643
OPERATING EXPENSES:				
Instruction		26,436,862		24,538,417
Research		2,180,437		2,322,184
Public service		357,333		256,167
Academic support		6,654,903		6,259,446
Student services		4,560,545		3,865,703
Institutional support		15,101,744		13,116,536
Operation and maintenance of plant		6,281,568		5,800,004
Scholarships and fellowships		372,852		1,507,673
Auxiliary enterprises:				
Residential facilities		2,663,119		2,682,277
Dining facilities		2,433,443		2,084,641
Intercollegiate athletics		2,786,151		2,705,253
Other auxiliary enterprises expenses		1,393,948		933,551
Total operating expenses		71,222,905		66,071,852
Operating income (loss)		(24,083,695)		(20,994,209)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		31,110,537		22,269,547
Gifts			\$831,223	\$599,188
Investment income		161,364	919,525	19,875
Interest on indebtedness		(455,300)		(553,997)
Other nonoperating revenues		45,687		94,886
Other affiliated foundation revenue			105,235	
Other affiliated foundation expense			(787,826)	(629,036)
Transfers (to) from other University System of Maryland institutions		(1,077,651)		(725,239)
Total nonoperating revenues (expenses)		29,784,637	1,068,157	21,105,072
Income before other revenues, expenses, gains and losses		5,700,942	1,068,157	485,200
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		18,022,145		3,772,204
Other gains and losses				
Total other revenues, expenses, gains and losses		18,022,145		3,772,204
Increase (decrease) in net assets		23,723,087	1,068,157	3,883,067
Net assets - beginning of year		61,985,023	4,746,781	58,101,956
Net assets - end of year		\$85,708,110	\$5,814,938	\$61,985,023

**BOWIE STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$21,910,788	\$22,135,326
Research contracts and grants	12,826,304	14,872,245
Payments to employees	(44,625,986)	(40,652,734)
Payments to suppliers and contractors	(20,191,292)	(20,013,778)
Loans issued to students	(293,397)	(167,205)
Collections of loans to students	172,474	275,012
Auxiliary enterprises:		
Residential facilities	5,396,064	3,716,260
Dining facilities	2,069,632	1,944,390
Intercollegiate athletics	2,272,326	1,851,273
Parking facilities	210,629	301,391
Other	2,748,416	1,872,121
Other receipts (payments)	(75,529)	(83,454)
	<u>(17,579,571)</u>	<u>(13,949,153)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	31,110,537	22,269,547
Other nonoperating gains and losses	45,687	89,081
	<u>31,156,224</u>	<u>22,358,628</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	491,121	
Capital appropriations	18,022,145	3,772,204
Purchases of capital assets	(19,541,197)	(4,968,789)
Principal paid on debt and capital leases	(962,676)	(1,223,296)
Interest paid on debt and capital leases	(491,043)	(560,287)
Transfers (to) from other University System of Maryland institutions	(4,785,075)	(3,388,389)
	<u>(7,266,725)</u>	<u>(6,368,557)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	161,364	
	<u>161,364</u>	
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	6,471,292	2,040,918
Cash and cash equivalents - beginning of the year	3,277,770	1,236,852
Cash and cash equivalents - end of the year	<u>\$9,749,062</u>	<u>\$3,277,770</u>

**TOWSON UNIVERSITY
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$96,743,676	\$1,859,946	\$75,704,523	\$1,099,304
Accounts receivable, net	11,714,090	4,074,640	10,071,970	5,880,814
Notes receivable, current portion	3,362,879		3,423,820	
Inventories	2,689,028		2,292,336	
Prepaid expenses	2,134,430		1,632,948	
Inter-institutional balances	261,773		(111,545)	
Total current assets	116,905,876	5,934,586	93,014,052	6,980,118
Noncurrent assets:				
Restricted cash and cash equivalents	677,479		928,615	
Endowment investments	5,510,044	34,754,155	4,822,217	26,652,044
Notes receivable, net	10,299,948		10,022,810	
Capital assets, net	261,795,171	955,067	253,393,301	1,774,809
Total noncurrent assets	278,282,642	35,709,222	269,166,943	28,426,853
Total assets	\$395,188,518	\$41,643,808	\$362,180,995	\$35,406,971
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$17,492,560	\$122,377	\$16,287,521	\$167,770
Accrued workers' compensation, current portion	321,160		314,805	
Accrued vacation costs, current portion	3,253,065		3,096,265	
Revenue bonds and notes payable, current portion	8,391,927		6,601,840	
Deferred revenue	6,315,974		4,987,721	
Total current liabilities	35,774,686	122,377	31,288,152	167,770
Noncurrent liabilities:				
Accrued workers' compensation	1,750,840		1,716,195	
Accrued vacation costs	4,775,938		4,136,959	
Revenue bonds and notes payable	80,414,656		85,178,131	
Total noncurrent liabilities	86,941,434		91,031,285	
Total liabilities	122,716,120	122,377	122,319,437	167,770
NET ASSETS				
Unrestricted	76,839,542	2,260,308	55,173,596	2,717,425
Invested in capital assets, net	172,988,588		161,613,330	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	238,038	11,706,292	238,038	10,484,169
Research		9,878		8,570
Other		12,909,045		12,326,380
Expendable:				
Scholarships and fellowships	47,766	4,574,201	628	3,060,442
Research	2,581,106	11,572	3,491,279	8,602
Loans	15,812,277		15,501,991	
Capital projects	630,464		928,616	
Other	3,334,617	10,050,135	2,914,080	6,633,613
Total net assets	272,472,398	41,521,431	239,861,558	35,239,201
Total liabilities and net assets	\$395,188,518	\$41,643,808	\$362,180,995	\$35,406,971

TOWSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$122,764,564		\$115,471,847	
Less: scholarship allowances	(21,808,145)	\$100,956,419	(19,297,368)	\$96,174,479
Federal grants and contracts		9,300,936		9,384,481
State and local grants and contracts		6,431,345		3,459,311
Nongovernmental grants and contracts		876,491		968,043
Sales and services of educational departments		4,031,991		3,512,347
Auxiliary enterprises:				
Residential facilities	14,869,608		14,659,017	
Less: scholarship allowances	(428,375)	14,441,233	(688,132)	13,970,885
Dining facilities	13,968,911		13,187,409	
Less: scholarship allowances	(251,836)	13,717,075	(279,483)	12,907,926
Intercollegiate athletics	12,158,334		10,838,075	
Less: scholarship allowances	(1,627,595)	10,530,739	(1,307,464)	9,530,611
Bookstores	11,240,435		10,711,016	
Less: scholarship allowances	(53,721)	11,186,714	(61,557)	10,649,459
Parking facilities	4,296,243			4,108,930
Less: scholarship allowances	(85,662)	4,210,581		
Other auxiliary enterprises revenues		20,518,627		19,374,743
Other operating revenues		35,627		7,076
Total operating revenues	196,237,778		184,048,291	
OPERATING EXPENSES:				
Instruction		78,362,689		70,828,985
Research		1,804,111		3,274,938
Public service		14,930,459		11,689,116
Academic support		29,760,709		26,138,564
Student services		13,233,436		12,606,594
Institutional support		30,232,996		28,057,610
Operation and maintenance of plant		21,188,697		20,668,204
Scholarships and fellowships		5,947,431		6,034,247
Auxiliary enterprises:				
Residential facilities		10,520,993		9,769,539
Dining facilities		11,873,044		11,180,769
Intercollegiate athletics		10,608,672		10,577,679
Bookstores		10,126,850		9,538,864
Parking facilities		2,292,619		1,908,892
Other auxiliary enterprises expenses		12,801,950		11,038,978
Total operating expenses		253,684,656		233,312,979
Operating income (loss)		(57,446,878)		(49,264,688)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		76,170,647		63,121,550
Gifts		1,207,071	\$5,508,432	10,000
Investment income	7,190,130		4,481,556	\$4,017,292
Less: Investment expense	(10,104)	7,180,026	(5,229)	1,616,206
Interest on indebtedness		(4,068,563)		(4,379,500)
Other nonoperating revenues (expenses)		8,366,190		5,675,555
Other affiliated foundation revenue			809,415	653,265
Other affiliated foundation expense			(4,796,863)	(2,771,771)
Transfers (to) from other University System of Maryland institutions		(4,298,688)		(241,410)
Total nonoperating revenues (expenses)		84,556,683	6,282,230	68,662,522
Income before other revenues, expenses, gains and losses		27,109,805	6,282,230	19,397,834
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		5,712,454		6,279,596
Capital gifts and grants		467,444		386,143
Other gains and losses		(678,863)		(562,637)
Total other revenues, expenses, gains and losses		5,501,035		6,103,102
Increase (decrease) in net assets		32,610,840	6,282,230	25,500,936
Net assets - beginning of year		239,861,558	35,239,201	214,360,622
Net assets - end of year		\$272,472,398	\$41,521,431	\$239,861,558

**TOWSON UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$100,132,326	\$95,992,131
Research contracts and grants	16,565,290	14,801,259
Payments to employees	(157,417,823)	(144,819,313)
Payments to suppliers and contractors	(79,505,403)	(70,679,803)
Loans issued to students	(3,257,250)	(2,720,554)
Collections of loans to students	3,041,053	4,065,815
Auxiliary enterprises:		
Residential facilities	14,460,879	13,990,266
Dining facilities	13,709,748	12,906,699
Intercollegiate athletics	10,834,935	9,660,763
Bookstores	11,236,420	10,641,643
Parking facilities	4,220,511	4,106,307
Other	20,601,347	19,702,153
Other receipts (payments)	4,483,352	2,986,709
Net cash provided (used) by operating activities	<u>(40,894,615)</u>	<u>(29,365,925)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	76,170,647	63,121,550
Other nonoperating gains and losses	8,894,398	5,122,918
Net cash provided (used) by noncapital financing activities	<u>85,065,045</u>	<u>68,244,468</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	17,623,139	
Capital appropriations	5,712,454	6,279,596
Capital grants and gifts received	201,692	173,620
Purchases of capital assets	(24,004,722)	(24,016,451)
Principal paid on debt and capital leases	(22,284,731)	(7,246,372)
Interest paid on debt and capital leases	(4,628,899)	(4,378,726)
Transfers (to) from other University System of Maryland institutions	(2,493,545)	2,506,089
Net cash provided (used) by capital and related financing activities	<u>(29,874,612)</u>	<u>(26,682,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	205,281	2,795,178
Interest on investments	6,297,022	4,106,496
Investment expense	(10,104)	(804)
Purchases of investments		(3,733,382)
Net cash provided (used) by investing activities	<u>6,492,199</u>	<u>3,167,488</u>
Net increase (decrease) in cash	20,788,017	15,363,787
Cash and cash equivalents - beginning of the year	<u>76,633,138</u>	<u>61,269,351</u>
Cash and cash equivalents - end of the year	<u>\$97,421,155</u>	<u>\$76,633,138</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$12,454,382	\$500	\$11,793,444	
Accounts receivable, net	9,322,356	\$838,089	7,534,931	\$435,804
Notes receivable, current portion	698,298		4,436,617	
Prepaid expenses	73,754			1,570
Inter-institutional balances	(18,099)		(118,077)	
Total current assets	22,530,691	838,589	23,646,915	437,374
Noncurrent assets:				
Restricted cash and cash equivalents	204,065		196,391	
Endowment investments	591,365	19,209,774	511,381	15,866,348
Notes receivable, net	5,801,951	328,859	1,419,839	400,710
Capital assets, net	179,122,141	281,918	178,139,563	267,255
Total noncurrent assets	185,719,522	19,820,551	180,267,174	16,534,313
Total assets	\$208,250,213	\$20,659,140	\$203,914,089	\$16,971,687
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$3,841,714	\$165,753	\$3,363,422	\$57,877
Accrued workers' compensation, current portion	97,185		105,245	
Accrued vacation costs, current portion	1,095,367		1,314,621	
Revenue bonds and notes payable, current portion	5,176,337		4,515,447	
Deferred revenue	393,979		465,945	
Total current liabilities	10,604,582	165,753	9,764,680	57,877
Noncurrent liabilities:				
Accrued workers' compensation	529,815		573,755	
Accrued vacation costs	2,207,329		1,971,932	
Revenue bonds and notes payable	59,690,960		59,797,038	
Total noncurrent liabilities	62,428,104		62,342,725	
Total liabilities	73,032,686	165,753	72,107,405	57,877
NET ASSETS				
Unrestricted	13,423,229	962,110	8,868,991	614,780
Invested in capital assets, net	114,254,844		113,827,078	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009	8,739,013	28,009	7,977,353
Research		101,548		100,580
Other		9,320,946		7,583,989
Expendable:				
Scholarships and fellowships	160,702	328,658	152,947	138,360
Research		249,415	2,815,308	109,581
Loans	7,146,678		5,917,960	
Capital projects	204,065		196,391	
Other		791,697		389,167
Total net assets	135,217,527	20,493,387	131,806,684	16,913,810
Total liabilities and net assets	\$208,250,213	\$20,659,140	\$203,914,089	\$16,971,687

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$22,810,507		\$22,351,994	
Less: scholarship allowances	<u>(8,879,167)</u>	\$13,931,340	<u>(3,386,621)</u>	\$18,965,373
Federal grants and contracts		15,923,186		18,295,440
State and local grants and contracts		7,762,319		11,136,796
Nongovernmental grants and contracts		416,092		1,471,152
Sales and services of educational departments		289,066		258,347
Auxiliary enterprises:				
Residential facilities	7,844,089		7,481,855	
Less: scholarship allowances	<u>(556,953)</u>	7,287,136	<u>(366,137)</u>	7,115,718
Dining facilities	6,121,847		3,959,587	
Less: scholarship allowances	<u>(614,521)</u>	5,507,326	<u>(366,814)</u>	3,592,773
Intercollegiate athletics		1,762,038		1,824,272
Parking facilities		107,375		108,709
Other auxiliary enterprises revenues		5,405,572		2,781,902
Other operating revenues		<u>319,245</u>		<u>398,925</u>
Total operating revenues		<u>58,710,695</u>		<u>65,949,407</u>
OPERATING EXPENSES:				
Instruction		21,568,971		24,599,654
Research		11,608,038		13,991,190
Public service		377,048		466,451
Academic support		9,955,928		8,724,749
Student services		4,165,218		3,762,096
Institutional support		8,662,976		8,110,807
Operation and maintenance of plant		11,950,072		9,481,405
Scholarships and fellowships		359,133		4,774,599
Auxiliary enterprises:				
Residential facilities		5,145,818		3,738,207
Dining facilities		4,803,704		2,669,865
Intercollegiate athletics		2,147,052		1,049,465
Other auxiliary enterprises expenses		<u>4,085,224</u>		<u>3,876,628</u>
Total operating expenses		<u>84,829,182</u>		<u>85,245,116</u>
Operating income (loss)		<u>(26,118,487)</u>		<u>(19,295,709)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		28,616,142		23,321,709
Gifts			\$1,067,432	\$498,240
Investment income	975,967		3,250,375	1,764,445
Less: Investment expense	<u>(1,279)</u>	974,688	<u>(659)</u>	481,920
Interest on indebtedness		(2,924,772)		(2,977,199)
Other nonoperating revenues (expenses)		6,703		(1,256)
Other affiliated foundation revenue			68,100	29,678
Other affiliated foundation expense			(806,330)	(831,112)
Transfers (to) from other University System of Maryland institutions		1,822,559		1,471,211
Total nonoperating (revenues) expenses		<u>28,495,320</u>	<u>3,579,577</u>	<u>22,296,385</u>
Income before other revenues, expenses, gains and losses		<u>2,376,833</u>	<u>3,579,577</u>	<u>3,000,676</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		817,885		847,796
Other gains and losses		<u>216,125</u>		<u>(7,139,171)</u>
Total other revenues, expenses, gains and losses		<u>1,034,010</u>		<u>(6,291,375)</u>
Increase (decrease) in net assets		<u>3,410,843</u>	<u>3,579,577</u>	<u>(3,290,699)</u>
Net assets - beginning of year		<u>131,806,684</u>	<u>16,913,810</u>	<u>135,097,383</u>
Net assets - end of year		<u>\$135,217,527</u>	<u>\$20,493,387</u>	<u>\$131,806,684</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$12,989,190	\$17,252,492
Research contracts and grants	22,479,947	33,210,818
Payments to employees	(52,902,065)	(54,128,811)
Payments to suppliers and contractors	(24,665,601)	(26,531,287)
Loans issued to students	(1,469,125)	(499,441)
Collections of loans to students	825,332	97,445
Auxiliary enterprises:		
Residential facilities	7,153,842	7,295,396
Dining facilities	5,507,326	3,592,773
Intercollegiate athletics	1,762,038	
Parking facilities	107,375	108,709
Other	6,243,276	3,792,902
Other receipts (payments)	1,237,444	657,269
Net cash provided (used) by operating activities	(20,731,021)	(15,151,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	28,616,142	23,321,709
Other nonoperating gains and losses	222,827	(1,253)
Net cash provided (used) by noncapital financing activities	28,838,969	23,320,456
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	5,922,169	
Capital appropriations	817,885	847,796
Purchases of capital assets	(8,784,344)	(3,300,644)
Principal paid on debt and capital leases	(9,555,352)	(4,015,187)
Interest paid on debt and capital leases	(3,111,437)	(3,081,771)
Transfers (to) from other University System of Maryland institutions	6,377,039	2,482,472
Net cash provided (used) by capital and related financing activities	(8,334,040)	(7,067,334)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	22,558	350,474
Interest on investments	873,425	443,938
Investment expense	(1,279)	(659)
Purchases of investments		(471,263)
Net cash provided (used) by investing activities	894,704	322,490
Net increase (decrease) in cash	668,612	1,423,877
Cash and cash equivalents - beginning of the year	11,989,835	10,565,958
Cash and cash equivalents - end of the year	\$12,658,447	\$11,989,835

**FROSTBURG STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$15,822,840	\$173,305	\$12,914,140	\$153,785
Investments				
Accounts receivable, net	1,389,915	458,876	1,100,291	459,588
Notes receivable, current portion	325,152		245,901	
Inventories	616,980		1,118,139	
Prepaid expenses	494,653	356,005	179,088	353,705
Inter-institutional balances	168,755		(38,996)	
Total current assets	18,818,295	988,186	15,518,563	967,078
Noncurrent assets:				
Restricted cash and cash equivalents	996,968		854,302	
Endowment investments	1,115,789	14,710,653	911,495	10,636,821
Notes receivable, net	846,285		771,943	
Capital assets, net	68,231,004		70,641,033	183
Total noncurrent assets	71,190,046	14,710,653	73,178,773	10,637,004
Total assets	\$90,008,341	\$15,698,839	\$88,697,336	\$11,604,082
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$4,984,979	\$131,727	\$5,432,601	\$29,090
Accrued workers' compensation, current portion	109,120		124,155	
Accrued vacation costs, current portion	2,402,338		2,338,191	
Revenue bonds and notes payable, current portion	1,126,066		1,310,890	
Deferred revenue	1,251,010	50,406	995,324	
Total current liabilities	9,873,513	182,133	10,201,161	29,090
Noncurrent liabilities:				
Accrued workers' compensation	594,880		676,845	
Other payables				7,054
Revenue bonds and notes payable	14,425,592		18,309,311	
Total noncurrent liabilities	15,020,472		18,986,156	7,054
Total liabilities	24,893,985	182,133	29,187,317	36,144
NET ASSETS				
Unrestricted	9,585,365	269,120	6,174,327	300,328
Invested in capital assets, net	52,679,346		51,020,832	
Restricted:				
Expendable:				
Scholarships and fellowships	2,901		3,274	
Research	604,014		321,615	
Loans	1,245,762		1,135,669	
Capital projects	996,968		854,302	
Other		15,247,586		11,267,610
Total net assets	65,114,356	15,516,706	59,510,019	11,567,938
Total liabilities and net assets	\$90,008,341	\$15,698,839	\$88,697,336	\$11,604,082

FROSTBURG STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$28,224,463		\$27,510,549	
Less: scholarship allowances	(3,614,781)	\$24,609,682	(3,225,576)	\$24,284,973
Federal grants and contracts		4,577,342		4,140,075
State and local grants and contracts		1,589,988		1,279,676
Nongovernmental grants and contracts		198,066		175,190
Sales and services of educational departments		944,722		796,974
Auxiliary enterprises:				
Residential facilities	5,217,765		4,716,573	
Less: scholarship allowances	(35,656)	5,182,109	(9,982)	4,706,591
Dining facilities	5,755,813		5,121,572	
Less: scholarship allowances	(2,548)	5,753,265	(623)	5,120,949
Intercollegiate athletics	2,070,257		1,988,168	
Less: scholarship allowances	(18,910)	2,051,347	(4,260)	1,983,908
Bookstores	3,052,706		2,967,866	
Less: scholarship allowances	(599)	3,052,107	(1,360)	2,966,506
Other auxiliary enterprises revenues	3,402,556		3,192,045	
Less: scholarship allowances	(18,518)	3,384,038	(2,882)	3,189,163
Other operating revenues		230,419		343,236
Total operating revenues	51,573,085		48,987,241	
OPERATING EXPENSES:				
Instruction		26,980,797		26,096,686
Research		28,656		
Public service		2,563,687		2,475,923
Academic support		7,803,309		7,368,282
Student services		4,064,349		3,751,324
Institutional support		8,512,636		7,929,811
Operation and maintenance of plant		6,515,699		6,414,240
Scholarships and fellowships		3,998,491		3,710,877
Auxiliary enterprises:				
Residential facilities		6,017,210		6,072,676
Dining facilities		5,088,936		4,152,454
Intercollegiate athletics		2,210,651		2,342,631
Bookstores		3,487,466		3,038,522
Other auxiliary enterprises expenses		2,264,843		2,399,850
Total operating expenses		79,536,730		75,753,276
Operating income (loss)		(27,963,645)		(26,766,035)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		29,667,299		26,434,454
Gifts		495,476	\$3,109,733	347,291
Investment income	1,310,127		2,530,330	868,708
Less: Investment expense	(2,279)	1,307,848		(1,129)
Interest on indebtedness		(758,412)		867,579
Other affiliated foundation revenue			585,724	(884,544)
Other affiliated foundation expense			(2,277,019)	654,570
Transfers (to) from other University System of Maryland institutions		2,649,898		(1,591,059)
Total nonoperating revenue (expenses)		33,362,109	3,948,768	28,999,772
Income before other revenues, expenses, gains and losses		5,398,464	3,948,768	2,233,737
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		20,767		
Capital gifts and grants		82,114		551,693
Other gains and losses		102,992		(10,192)
Total other revenues, expenses, gains and losses		205,873		541,501
Increase (decrease) in net assets		5,604,337	3,948,768	2,775,238
Net assets - beginning of year		59,510,019	11,567,938	56,734,781
Net assets - end of year		\$65,114,356	\$15,516,706	\$59,510,019

**FROSTBURG STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$24,647,215	\$24,070,716
Research contracts and grants	6,364,211	5,823,657
Payments to employees	(51,181,313)	(48,659,190)
Payments to suppliers and contractors	(24,360,579)	(22,887,470)
Loans issued to students	(324,765)	(303,990)
Collections of loans to students	171,172	416,903
Auxiliary enterprises:		
Residential facilities	5,154,847	4,838,438
Dining facilities	5,730,497	5,262,194
Intercollegiate athletics	2,051,347	2,004,237
Bookstores	3,050,837	2,965,692
Other	3,357,691	3,170,650
Other receipts (payments)	962,060	1,026,728
Net cash provided (used) by operating activities	<u>(24,376,780)</u>	<u>(22,271,435)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	29,667,299	26,434,454
Nonoperating gifts		347,291
Other nonoperating gains and losses	598,468	(10,192)
Net cash provided (used) by noncapital financing activities	<u>30,265,767</u>	<u>26,771,553</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	231,595	
Capital appropriations	20,767	
Capital grants and gifts received		
Purchases of capital assets	(1,556,052)	(3,161,858)
Principal paid on debt and capital leases	(2,356,608)	(2,037,389)
Interest paid on debt and capital leases	(798,449)	(911,955)
Transfers (to) from other University System of Maryland institutions	517,572	1,332,052
Net cash provided (used) by capital and related financing activities	<u>(3,941,175)</u>	<u>(4,779,150)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	1,050	599,325
Interest on investments	1,120,835	765,618
Investment expense	(2,279)	(1,129)
Purchases of investments	(16,052)	(805,880)
Net cash provided (used) by investing activities	<u>1,103,554</u>	<u>557,934</u>
Net increase (decrease) in cash	3,051,366	278,902
Cash and cash equivalents - beginning of the year	<u>13,768,442</u>	<u>13,489,540</u>
Cash and cash equivalents - end of the year	<u><u>\$16,819,808</u></u>	<u><u>\$13,768,442</u></u>

**COPPIN STATE UNIVERSITY
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$3,598,394	\$1,063,212	\$3,074,362	\$979,856
Accounts receivable, net	6,240,366	209,018	5,752,545	212,399
Notes receivable, current portion	132,839		143,057	
Inventories	81,744		78,045	
Prepaid expenses		3,883		2,464
Inter-institutional balances	118,739		40,483	
Total current assets	10,172,082	1,276,113	9,088,492	1,194,719
Noncurrent assets:				
Restricted cash and cash equivalents	416,154		373,843	
Endowment investments	837,456	9,091,949	690,030	7,925,663
Notes receivable, net	783,293		838,591	
Capital assets, net	96,293,988	38,210	67,058,141	54,399
Total noncurrent assets	98,330,891	9,130,159	68,960,605	7,980,062
Total assets	\$108,502,973	\$10,406,272	\$78,049,097	\$9,174,781
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$3,924,558	\$92,170	\$3,002,915	\$67,496
Accrued workers' compensation, current portion	91,450		112,065	
Accrued vacation costs, current portion	358,258		755,598	
Revenue bonds and notes payable, current portion	1,833,130		1,389,207	
Deferred revenue	179,782		360,865	
Total current liabilities	6,387,178	92,170	5,620,650	67,496
Noncurrent liabilities:				
Accrued workers' compensation	498,550		610,935	
Accrued vacation costs	1,709,013		1,422,030	
Other payables		68,592		174,937
Revenue bonds and notes payable	19,938,266		21,814,645	
Total noncurrent liabilities	22,145,829	68,592	23,847,610	174,937
Total liabilities	28,533,007	160,762	29,468,260	242,433
NET ASSETS				
Unrestricted	3,052,770	139,421	2,172,138	79,690
Invested in capital assets, net	74,522,592		43,872,692	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	353,474		307,333	
Other	240,125	9,083,449	240,125	7,856,122
Expendable:				
Scholarships and fellowships	99,083		47,931	
Loans	1,129,004		1,536,014	
Capital projects	416,154		373,843	
Other	156,764	1,022,640	30,761	996,536
Total net assets	79,969,966	10,245,510	48,580,837	8,932,348
Total liabilities and net assets	\$108,502,973	\$10,406,272	\$78,049,097	\$9,174,781

COPPIN STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$15,373,286		\$15,293,580	
Less: scholarship allowances	(9,214,532)	\$6,158,754	(8,269,500)	\$7,024,080
Federal grants and contracts		12,152,449		13,996,973
State and local grants and contracts		1,490,914		3,812,716
Nongovernmental grants and contracts				224,243
Sales and services of educational departments		300,412		358,111
Auxiliary enterprises:				
Residential facilities	3,662,116			3,824,148
Less: scholarship allowances	(110,424)	3,551,692		
Intercollegiate athletics	2,040,081		2,012,243	
Less: scholarship allowances	(1,142,316)	897,765	(1,008,661)	1,003,582
Other auxiliary enterprises revenues		2,163,581		2,380,241
Other operating revenues				61,459
Total operating revenues		26,715,567		32,685,553
OPERATING EXPENSES:				
Instruction		18,312,822		17,960,000
Research		204,061		195,960
Academic support		6,198,717		3,433,940
Student services		5,528,747		5,369,621
Institutional support		12,469,828		13,948,804
Operation and maintenance of plant		8,946,140		6,829,900
Scholarships and fellowships		133,154		
Auxiliary enterprises:				
Residential facilities		2,141,208		2,690,792
Dining facilities		274,701		274,702
Intercollegiate athletics		2,372,071		2,332,884
Other auxiliary enterprises expenses		708,320		756,535
Total operating expenses		57,289,769		53,793,138
Operating income (loss)		(30,574,202)		(21,107,585)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		30,427,867		20,802,188
Gifts			\$847,240	\$651,791
Investment income	541,662		1,656,151	947,873
Less: Investment expense	(1,725)	539,937	248,366	247,504
Interest on indebtedness		(1,060,746)	(862)	(1,075,460)
Other affiliated foundation revenue			196,811	(442,681)
Other affiliated foundation expense			(1,387,040)	(793,753)
Transfers (to) from other University System of Maryland institutions		(285,010)		(340,183)
Total nonoperating revenues (expenses)		29,622,048	1,313,162	19,634,049
Income before other revenues, expenses, gains and losses		(952,154)	1,313,162	363,230
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		32,547,752		13,022,901
Additions to permanent endowments		46,142		
Other gains and losses		(252,611)		6,291,857
Total other revenues, expenses, gains and losses		32,341,283		19,314,758
Increase (decrease) in net assets		31,389,129	1,313,162	17,841,222
Net assets - beginning of year		48,580,837	8,932,348	30,739,615
Net assets - end of year		\$79,969,966	\$10,245,510	\$48,580,837

**COPPIN STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$5,489,850	\$5,737,328
Research contracts and grants	13,643,364	18,033,932
Payments to employees	(38,923,892)	(30,116,418)
Payments to suppliers and contractors	(13,887,887)	(22,108,487)
Loans issued to students	(90,721)	(58,812)
Collections of loans to students	156,237	
Auxiliary enterprises:		
Residential facilities	5,715,274	3,824,148
Intercollegiate athletics	897,765	1,003,582
Other receipts (payments)	300,412	2,799,811
Net cash provided (used) by operating activities	<u>(26,699,598)</u>	<u>(20,884,916)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	30,427,867	20,802,188
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes		
Other nonoperating gains and losses	(252,611)	6,291,857
Net cash provided (used) by noncapital financing activities	<u>30,175,256</u>	<u>27,094,045</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	3,436,680	
Capital appropriations	32,547,752	13,022,901
Purchases of capital assets	(33,039,252)	(13,585,486)
Principal paid on debt and capital leases	(4,663,465)	(1,144,670)
Interest paid on debt and capital leases	(1,143,059)	(1,079,012)
Transfers (to) from other University System of Maryland institutions	(486,624)	(505,093)
Net cash provided (used) by capital and related financing activities	<u>(3,347,968)</u>	<u>(3,291,360)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	21,101	458,131
Interest on investments	465,419	174,366
Investment expense	(1,725)	(862)
Purchases of investments	(46,142)	(616,029)
Net cash provided (used) by investing activities	<u>438,653</u>	<u>15,606</u>
Net increase (decrease) in cash	566,343	2,933,375
Cash and cash equivalents - beginning of the year	<u>3,448,205</u>	<u>514,830</u>
Cash and cash equivalents - end of the year	<u>\$4,014,548</u>	<u>\$3,448,205</u>

**UNIVERSITY OF BALTIMORE
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$13,190,342	\$1,507,552	\$10,153,475	\$1,021,791
Accounts receivable, net	3,864,811	5,660,587	3,577,302	6,661,977
Notes receivable, current portion	554,725		862,805	
Inventories			29,522	
Prepaid expenses, deferred charges and other assets	493,944		498,640	71,106
Inter-institutional balances	140,814		52,140	
Total current assets	18,244,636	7,168,139	15,173,884	7,754,874
Noncurrent assets:				
Restricted cash and cash equivalents	666,404		553,858	
Endowment investments		50,197,964		41,123,084
Notes receivable, net	2,122,378		1,663,839	
Capital assets, net	67,441,721	1,235,509	66,021,180	1,250,512
Total noncurrent assets	70,230,503	51,433,473	68,238,877	42,373,596
Total assets	\$88,475,139	\$58,601,612	\$83,412,761	\$50,128,470
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$3,911,761	\$425,699	\$3,218,579	\$333,690
Accrued workers' compensation, current portion	86,180		88,505	
Accrued vacation costs, current portion	1,746,063		1,725,030	
Revenue bonds and notes payable, current portion	1,822,704		1,546,907	
Deferred revenue	4,129,610	147,062	1,858,307	
Total current liabilities	11,696,318	572,761	8,437,328	333,690
Noncurrent liabilities:				
Accrued workers' compensation	469,820		482,495	
Accrued vacation costs	570,181		598,918	
Revenue bonds and notes payable	26,693,456		28,206,971	
Total noncurrent liabilities	27,733,457		29,288,384	
Total liabilities	39,429,775	572,761	37,725,712	333,690
NET ASSETS				
Unrestricted	6,463,752	13,930,931	5,737,110	12,594,370
Invested in capital assets, net	38,925,561		36,267,302	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		15,679,004		13,281,623
Other		21,692,419		18,478,328
Expendable:				
Scholarships and fellowships		1,761,552		1,360,246
Loans	2,989,647		3,128,779	
Capital projects	666,404		553,858	
Other		4,964,945		4,080,213
Total net assets	49,045,364	58,028,851	45,687,049	49,794,780
Total liabilities and net assets	\$88,475,139	\$58,601,612	\$83,412,761	\$50,128,470

UNIVERSITY OF BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$44,435,212		\$42,928,428	
Less: scholarship allowances	(4,538,580)	\$39,896,632	(3,929,888)	\$38,998,540
Federal grants and contracts		2,230,415		2,618,928
State and local grants and contracts		4,195,036		4,375,636
Nongovernmental grants and contracts		1,211,544		1,159,655
Sales and services of educational departments		637,832		87,101
Auxiliary enterprises:				
Parking facilities		2,044,345		690,747
Other auxiliary enterprises revenues		3,455,480		1,604,847
Other operating revenues		186,298		
Total operating revenues		53,857,582		49,535,454
OPERATING EXPENSES:				
Instruction		28,028,356		25,032,227
Research		4,933,546		4,677,252
Academic support		11,018,535		9,367,722
Student services		5,960,912		5,147,683
Institutional support		16,089,563		16,834,689
Operation and maintenance of plant		5,991,095		5,442,036
Scholarships and fellowships		1,038,120		1,235,341
Auxiliary enterprises:				
Parking facilities		954,380		859,647
Other auxiliary enterprises expenses		2,521,611		2,258,550
Total operating expenses		76,536,118		70,855,147
Operating income (loss)		(22,678,536)		(21,319,693)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		26,241,675		22,709,573
Gifts			\$2,587,865	\$3,895,497
Investment income		981,829	8,422,700	629,578
Interest on indebtedness		(1,247,045)		(1,160,929)
Other nonoperating revenues (expenses)				(2,964,156)
Other affiliated foundation revenue			532,326	515,956
Other affiliated foundation expense			(3,308,820)	(3,312,837)
Transfers (to) from other University System of Maryland institutions		(2,797,345)		(1,972,653)
Total nonoperating revenues (expenses)		23,179,114	8,234,071	17,241,413
Income before other revenues, expenses, gains and losses		500,578	8,234,071	(4,078,280)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		2,857,737		697,340
Other gains and losses				
Total other revenues, expenses, gains and losses		2,857,737		697,340
Increase (decrease) in net assets		3,358,315	8,234,071	(3,380,940)
Net assets - beginning of year		45,687,049	49,794,780	49,067,989
Net assets - end of year		\$49,045,364	\$58,028,851	\$45,687,049

**UNIVERSITY OF BALTIMORE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$42,031,237	\$42,587,135
Research contracts and grants	7,715,855	8,602,621
Payments to employees	(56,824,093)	(51,683,371)
Payments to suppliers and contractors	(15,598,230)	(15,057,854)
Loans issued to students	(988,011)	(728,561)
Collections of loans to students	861,209	1,459,494
Auxiliary enterprises:		
Parking facilities	2,044,345	690,747
Other	3,455,480	1,604,847
Other receipts (payments)	618,314	1,030,235
Net cash provided (used) by operating activities	(16,683,894)	(11,494,707)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	26,241,675	22,709,573
Other nonoperating gains and losses		(2,964,156)
Net cash provided (used) by noncapital financing activities	26,241,675	19,745,417
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	299,718	
Capital appropriations	2,857,737	697,340
Purchases of capital assets	(5,062,863)	(14,124,348)
Principal paid on debt and capital leases	(1,797,755)	(961,553)
Interest paid on debt and capital leases	(1,121,486)	(1,076,123)
Transfers (to) from other University System of Maryland institutions	(2,565,548)	7,717,268
Net cash provided (used) by capital and related financing activities	(7,390,197)	(7,747,416)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	981,829	629,578
Net cash provided (used) by investing activities	981,829	629,578
Net increase (decrease) in cash	3,149,413	1,132,872
Cash and cash equivalents - beginning of the year	10,707,333	9,574,461
Cash and cash equivalents - end of the year	\$13,856,746	\$10,707,333

**SALISBURY UNIVERSITY
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$38,015,922	\$456,203	\$33,928,019	\$347,988
Accounts receivable, net	1,764,945	104,075	1,092,964	7,221,414
Notes receivable, current portion	229,941		302,445	
Inventories	877,646		975,782	
Prepaid expenses	113,689		120,976	
Inter-institutional balances	(762,695)		(1,239,865)	
Total current assets	40,239,448	560,278	35,180,321	7,569,402
Noncurrent assets:				
Restricted cash and cash equivalents	440,331		480,569	
Endowment investments		39,163,700		26,526,766
Notes receivable, net	1,047,198	137,328	921,106	126,994
Other assets		5,898,186		5,755,305
Capital assets, net	148,351,746	6,964,591	120,630,501	4,397,670
Total noncurrent assets	149,839,275	52,163,805	122,032,176	36,806,735
Total assets	\$190,078,723	\$52,724,083	\$157,212,497	\$44,376,137
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$7,472,528	\$3,870,847	\$6,175,019	\$1,122,957
Accrued workers' compensation, current portion	122,295		112,995	
Accrued vacation costs, current portion	1,608,161		1,584,323	
Revenue bonds and notes payable, current portion	2,856,629	100,000	2,890,634	100,000
Deferred revenue	2,683,959	24,140	2,298,850	19,808
Total current liabilities	14,743,572	3,994,987	13,061,821	1,242,765
Noncurrent liabilities:				
Accrued workers' compensation	666,705		616,005	
Accrued vacation costs	1,246,066		1,244,601	
Other payables		4,065,867		4,273,675
Revenue bonds and notes payable	25,701,671	590,971	29,381,158	690,971
Total noncurrent liabilities	27,614,442	4,656,838	31,241,764	4,964,646
Total liabilities	42,358,014	8,651,825	44,303,585	6,207,411
NET ASSETS				
Unrestricted	26,192,701	2,989,636	22,347,639	3,008,329
Invested in capital assets, net	119,793,446		88,358,709	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		14,007,786		12,147,116
Research		799,097		555,168
Other		18,701,530		15,211,990
Expendable:				
Scholarships and fellowships		977,353		953,292
Research	754	15,504	377,280	13,075
Loans	1,293,477		1,344,715	
Capital projects	440,331		480,569	
Other		6,581,352		6,279,756
Total net assets	147,720,709	44,072,258	112,908,912	38,168,726
Total liabilities and net assets	\$190,078,723	\$52,724,083	\$157,212,497	\$44,376,137

SALISBURY UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$44,364,482		\$42,086,104	
Less: scholarship allowances	(5,476,096)	\$38,888,386	(4,994,599)	\$37,091,505
Federal grants and contracts		3,492,980		3,122,554
State and local grants and contracts		2,245,284		1,812,204
Nongovernmental grants and contracts		760,436		361,816
Sales and services of educational departments		225,345		738,405
Auxiliary enterprises:				
Residential facilities	13,474,721		12,430,278	
Less: scholarship allowances	(342,187)	13,132,534	(234,294)	12,195,984
Dining facilities	10,075,027		9,642,812	
Less: scholarship allowances	(29,520)	10,045,507	(17,899)	9,624,913
Intercollegiate athletics	2,826,655		2,739,252	
Less: scholarship allowances	(47,362)	2,779,293	(30,442)	2,708,810
Bookstores	5,414,635		4,995,602	
Less: scholarship allowances		5,414,635	(579)	4,995,023
Parking facilities		608,350		509,544
Other auxiliary enterprises revenues	1,193,156			985,260
Less: scholarship allowances	(2,315)	1,190,841		
Other operating revenues		105,527		
Total operating revenues		78,889,118		74,146,018
OPERATING EXPENSES:				
Instruction		34,562,766		31,252,697
Research		1,211,028		1,872,457
Public service		2,749,462		2,365,908
Academic support		7,636,226		7,390,562
Student services		4,406,913		3,893,368
Institutional support		12,069,326		11,405,386
Operation and maintenance of plant		11,576,248		10,418,013
Scholarships and fellowships		300,376		79,700
Auxiliary enterprises				
Residential facilities		8,094,432		6,530,374
Dining facilities		9,544,383		9,054,362
Intercollegiate athletics		2,284,616		2,204,574
Bookstores		4,745,819		4,302,891
Parking facilities		272,017		204,572
Other auxiliary enterprises expenses		2,788,599		2,965,697
Total operating expenses		102,242,211		93,940,561
Operating income (loss)		(23,353,093)		(19,794,543)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		32,928,037		27,570,519
Gifts			\$4,198,209	\$12,480,077
Investment income		2,310,711	4,511,209	2,266,853
Interest on indebtedness		(1,360,282)		(1,632,451)
Other affiliated foundation revenue			1,169,013	205,980
Other affiliated foundation expense			(3,974,899)	(3,453,573)
Transfers (to) from other University System of Maryland institutions		(304,336)		64,617
Total nonoperating revenues (expenses)		33,574,130	5,903,532	27,662,119
Income before other revenues, expenses, gains and losses		10,221,037	5,903,532	7,867,576
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		24,326,204		1,450,330
Capital gifts and grants		290,982		52,721
Other gains and losses		(26,426)		27,338
Total other revenues, expenses, gains and losses		24,590,760		1,530,389
Increase (decrease) in net assets		34,811,797	5,903,532	9,397,965
Net assets, beginning of year		112,908,912	38,168,726	103,510,947
Net assets, end of year		\$147,720,709	\$44,072,258	\$112,908,912

**SALISBURY UNIVERSITY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$38,535,512	\$37,366,006
Research contracts and grants	6,506,338	5,703,306
Payments to employees	(67,379,292)	(63,009,688)
Payments to suppliers and contractors	(28,030,826)	(25,193,230)
Loans issued to students	(341,641)	(303,580)
Collections of loans to students	288,053	245,144
Auxiliary enterprises:		
Residential facilities	13,131,404	12,195,984
Dining facilities	10,105,127	9,536,928
Intercollegiate athletics	2,779,293	2,708,810
Bookstores	5,414,635	4,995,023
Parking facilities	608,350	509,544
Other	1,190,841	988,455
Other receipts (payments)	495,186	1,089,625
	<u>(16,697,020)</u>	<u>(13,167,673)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	32,928,037	27,570,519
Other nonoperating gains and losses	(26,426)	27,338
	<u>32,901,611</u>	<u>27,597,857</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	522,299	
Capital appropriations	24,326,204	1,450,330
Capital grants and gifts received		243
Purchases of capital assets	(32,903,909)	(2,164,580)
Principal paid on debt and capital leases	(3,440,697)	(2,697,766)
Interest paid on debt and capital leases	(1,508,239)	(1,644,655)
Transfers (to) from other University System of Maryland institutions	(1,463,295)	(1,213,788)
	<u>(14,467,637)</u>	<u>(6,270,216)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	2,310,711	1,659,434
	<u>2,310,711</u>	<u>1,659,434</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	4,047,665	9,819,402
Cash and cash equivalents - beginning of the year	34,408,588	24,589,186
Cash and cash equivalents - end of the year	<u>\$38,456,253</u>	<u>\$34,408,588</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$108,266,241		\$92,143,946	
Accounts receivable, net	27,740,078	\$794,342	39,356,098	\$811,847
Notes receivable, current portion	495,373		240,270	
Inventories	1,867,785		1,656,725	
Prepaid expenses	444,195		564,613	4,900
Deferred charges	889,618		458,380	
Inter-institutional balances	328,270		94,112	
Total current assets	140,031,560	794,342	134,514,144	816,747
Noncurrent assets:				
Restricted cash and cash equivalents	327,220		297,083	
Endowment investments	198,567	17,879,018	173,797	15,027,848
Notes receivable, net	1,166,363	1,391,266	1,177,582	551,302
Capital assets, net	83,465,480	3,259,586	85,489,076	3,166,371
Total noncurrent assets	85,157,630	22,529,870	87,137,538	18,745,521
Total assets	\$225,189,190	\$23,324,212	\$221,651,682	\$19,562,268
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$13,783,945	\$128,415	\$16,494,047	\$223,334
Accrued workers' compensation, current portion	244,745		251,565	
Accrued vacation costs, current portion	3,987,689		4,572,386	
Revenue bonds and notes payable, current portion	675,344		881,586	
Deferred revenue	23,549,594		21,576,900	
Total current liabilities	42,241,317	128,415	43,776,484	223,334
Noncurrent liabilities:				
Accrued workers' compensation	1,334,255		1,371,435	
Accrued vacation costs	4,390,164		3,033,759	
Revenue bonds and notes payable	19,167,074		19,788,325	
Total noncurrent liabilities	24,891,493		24,193,519	
Total liabilities	67,132,810	128,415	67,970,003	223,334
NET ASSETS				
Unrestricted	92,328,609	5,653,533	86,587,123	4,891,709
Invested in capital assets, net	63,623,062		64,819,165	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	23,080	6,339,738	23,080	5,695,853
Research		73,669		71,814
Other		6,761,903		5,414,990
Expendable:				
Scholarships and fellowships	122,839	1,047,792	111,944	708,964
Research	10,501	795,160	229,098	561,495
Loans	1,621,069		1,614,186	
Capital projects	327,220		297,083	
Other		2,524,002		1,994,109
Total net assets	158,056,380	23,195,797	153,681,679	19,338,934
Total liabilities and net assets	\$225,189,190	\$23,324,212	\$221,651,682	\$19,562,268

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$190,910,316		\$176,097,616	
Less: scholarship allowances	(7,218,160)	\$183,692,156	(6,324,845)	\$169,772,771
Federal grants and contracts		7,649,699		6,821,285
State and local grants and contracts		1,635,643		1,391,587
Nongovernmental grants and contracts		394,195		522,462
Sales and services of educational departments		1,795,180		2,734,061
Auxiliary enterprises:				
Residential facilities		71,393		84,871
Bookstores		5,959,603		6,054,604
Parking facilities		1,081,408		906,642
Other auxiliary enterprises revenues		1,108		
Other operating revenues		21,461,747		20,261,454
Total operating revenues		223,742,132		208,549,737
OPERATING EXPENSES:				
Instruction		78,882,954		75,311,897
Research		679,595		614,099
Public service		15,411,028		15,198,475
Academic support		29,082,305		25,162,751
Student services		49,556,233		40,706,513
Institutional support		44,781,242		37,865,624
Operation and maintenance of plant		10,949,970		10,651,979
Scholarships and fellowships		7,009,899		5,478,418
Auxiliary enterprises:				
Bookstores		5,304,804		5,627,012
Parking facilities		730,527		726,275
Total operating expenses		242,388,557		217,343,043
Operating income (loss)		(18,646,425)		(8,793,306)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		20,069,456		15,191,125
Gifts			\$3,349,073	\$415,733
Investment income	4,165,945		1,206,628	3,346,922
Less: Investment expense	(434)	4,165,511	(226)	3,346,696
Interest on indebtedness		(963,679)		(992,753)
Other affiliated foundation revenue			(54,557)	(1,239)
Other affiliated foundation expense			(644,281)	(1,224,835)
Transfers (to) from other University System of Maryland institutions		(228,878)		422,899
Total nonoperating revenues (expenses)		23,042,410	3,856,863	17,967,967
Income before other revenues, expenses, gains and losses		4,395,985	3,856,863	774,535
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Other gains and losses		(21,284)		(75,208)
Total other revenues, expenses, gains and losses		(21,284)		(75,208)
Increase (decrease) in net assets		4,374,701	3,856,863	9,099,453
Net assets - beginning of period		153,681,679	19,338,934	144,582,226
Net assets - end of period		\$158,056,380	\$23,195,797	\$153,681,679

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$197,882,893	\$166,978,611
Research contracts and grants	8,650,191	11,088,962
Payments to employees	(149,689,937)	(135,149,359)
Payments to suppliers and contractors	(83,149,596)	(75,935,818)
Loans issued to students	(534,825)	(302,346)
Collections of loans to students	290,941	325,262
Auxiliary enterprises:		
Residential facilities	71,393	84,871
Bookstores	5,959,603	6,054,604
Parking facilities	1,081,408	906,642
Other	1,108	
Other receipts (payments)	18,940,767	24,043,707
Net cash provided (used) by operating activities	(496,054)	(1,904,864)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	20,069,456	15,191,125
Other nonoperating gains and losses	(21,284)	(75,208)
Net cash provided (used) by noncapital financing activities	20,048,172	15,115,917
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	3,339,236	
Capital grants and gifts received		(800)
Proceeds from sales of capital assets	45,624	138,322
Purchases of capital assets	(5,313,144)	(12,512,868)
Principal paid on debt and capital leases	(3,898,304)	(657,493)
Interest paid on debt and capital leases	(1,134,639)	(1,028,001)
Transfers (to) from other University System of Maryland institutions	(579,200)	21,692
Net cash provided (used) by capital and related financing activities	(7,540,427)	(14,039,148)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	9,479	120,203
Interest on investments	4,131,696	3,334,753
Investment expense	(434)	(226)
Purchases of investments		(161,628)
Net cash provided (used) by investing activities	4,140,741	3,293,102
Net increase (decrease) in cash	16,152,432	2,465,007
Cash and cash equivalents - beginning of the year	92,441,029	89,976,022
Cash and cash equivalents - end of the year	\$108,593,461	\$92,441,029

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEET
JUNE 30, 2007 AND 2006

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$14,405,692	\$3,280,854	\$14,708,297	\$939,336
Accounts receivable, net	23,913,001	5,735,916	19,905,632	7,311,546
Notes receivable, current portion	208,433		235,354	
Inventories	614,571		982,403	
Prepaid expenses	1,112,151	3,175	493,970	33,361
Inter-institutional balances	292,856		108,163	
Total current assets	40,546,704	9,019,945	36,433,819	8,284,243
Noncurrent assets:				
Restricted cash and cash equivalents	1,671,269		1,660,503	
Endowment investments	1,152,338	66,728,698	969,531	53,342,934
Notes receivable, net	1,857,695	7,050,761	1,839,489	7,511,294
Capital assets, net	261,435,472	2,951,664	265,743,296	2,962,638
Total noncurrent assets	266,116,774	76,731,123	270,212,819	63,816,866
Total assets	\$306,663,478	\$85,751,068	\$306,646,638	\$72,101,109
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$10,182,023	\$922,726	\$10,399,780	\$802,884
Accrued workers' compensation, current portion	286,130		308,915	
Accrued vacation costs, current portion	5,668,338		5,358,974	
Revenue bonds and notes payable, current portion	8,014,734	51,098	6,262,829	49,932
Deferred revenue	5,760,501	5,402,445	3,863,584	3,152,173
Total current liabilities	29,911,726	6,376,269	26,194,082	4,004,989
Noncurrent liabilities:				
Accrued workers' compensation	1,559,870		1,684,085	
Accrued vacation costs	1,827,523		2,039,234	
Other payables		392,977		417,695
Revenue bonds and notes payable	91,843,215	634,735	97,544,490	685,833
Total noncurrent liabilities	95,230,608	1,027,712	101,267,809	1,103,528
Total liabilities	125,142,334	7,403,981	127,461,891	5,108,517
NET ASSETS				
Unrestricted	16,163,563	7,710,919	13,207,289	6,094,344
Invested in capital assets, net	161,577,523		161,935,977	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	20,785	26,308,210	20,783	24,427,616
Research		305,705		307,987
Other		28,060,080		23,223,088
Expendable:				
Scholarships and fellowships	15,838	3,829,908	27,529	2,810,078
Research		2,906,485		2,225,562
Loans	2,072,166		2,332,666	
Capital projects	1,671,269		1,660,503	
Other		9,225,780		7,903,917
Total net assets	181,521,144	78,347,087	179,184,747	66,992,592
Total liabilities and net assets	\$306,663,478	\$85,751,068	\$306,646,638	\$72,101,109

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$89,400,998		\$83,700,317	
Less: scholarship allowances	(18,823,420)	\$70,577,578	(21,753,780)	\$61,946,537
Federal grants and contracts		65,583,327		56,088,153
State and local grants and contracts		23,628,132		25,638,928
Nongovernmental grants and contracts		5,811,328		13,236,769
Sales and services of educational departments		3,395,408		3,691,310
Auxiliary enterprises:				
Residential facilities	12,055,074		13,322,392	
Less: scholarship allowances	(2,177,073)	9,878,001	(2,823,164)	10,499,228
Dining facilities	8,326,928		8,512,416	
Less: scholarship allowances	(1,385,755)	6,941,173	(1,692,558)	6,819,858
Intercollegiate athletics		5,117,189		4,478,898
Bookstores	6,383,307		6,673,325	
Less: scholarship allowances	(44,607)	6,338,700	(11,791)	6,661,534
Parking facilities		1,978,082		2,065,861
Other auxiliary enterprises revenues		10,345,002		10,965,579
Other operating revenues		2,952,696		823,910
Total operating revenues	212,546,616		202,916,565	
OPERATING EXPENSES:				
Instruction		83,231,084		79,932,705
Research		54,775,676		50,613,976
Public service		22,253,328		22,375,288
Academic support		17,653,215		19,818,891
Student services		11,551,877		8,897,279
Institutional support		29,891,907		25,672,950
Operation and maintenance of plant		22,898,368		21,463,949
Scholarships and fellowships		9,641,377		5,996,166
Auxiliary enterprises:				
Residential facilities		8,700,249		9,913,293
Dining facilities		7,570,538		7,955,652
Intercollegiate athletics		5,170,937		6,265,601
Bookstores		6,396,396		6,336,701
Other auxiliary enterprises expenses		7,732,987		6,478,238
Total operating expenses		287,467,939		271,720,689
Operating income (loss)		(74,921,323)		(68,804,124)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		79,269,769		70,490,730
Gifts		1,046,147	\$4,902,788	209,521
Investment income	1,757,631		10,883,416	\$11,807,931
Less: Investment expense	(2,424)	1,755,207	1,327,944	4,810,476
Interest on indebtedness		(4,241,626)	(949)	1,326,995
Other nonoperating revenues (expenses)		(338,818)		(4,778,000)
Other affiliated foundation revenue				(2,658)
Other affiliated foundation expense			906,102	484,875
Other affiliated foundation expense			(5,337,811)	(6,185,344)
Transfers (to) from other University System of Maryland institutions		(1,586,870)		(717,657)
Total nonoperating revenues (expenses)		75,903,809	11,354,495	66,528,931
Income before other revenues, expenses, gains and losses		982,486	11,354,495	(2,275,193)
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations		679,271		3,652,474
Capital gifts and grants		669,790		362,076
Other gains and losses		4,850		(757,840)
Total other revenues, expenses, gains and losses		1,353,911		3,256,710
Increase (decrease) in net assets		2,336,397	11,354,495	981,517
Net assets - beginning of year		179,184,747	66,992,592	178,203,230
Net assets - end of year		\$181,521,144	\$78,347,087	\$179,184,747

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$67,070,009	\$61,777,332
Research contracts and grants	97,296,522	93,776,010
Payments to employees	(183,492,881)	(177,137,565)
Payments to suppliers and contractors	(85,465,322)	(80,249,240)
Loans issued to students	(277,293)	(382,343)
Collections of loans to students	286,007	286,007
Auxiliary enterprises:		
Residential facilities	9,671,909	10,637,247
Dining facilities	6,796,355	6,909,510
Intercollegiate athletics	5,010,426	4,537,776
Bookstores	6,206,451	6,749,104
Parking facilities	1,936,812	2,061,861
Other	10,129,167	11,140,885
Other receipts (payments)	5,313,694	4,515,220
	(59,518,144)	(55,378,196)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	79,269,769	70,490,730
Nonoperating gifts	1,046,147	
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes		209,521
Other nonoperating gains and losses	(329,118)	(2,658)
	79,986,798	70,697,593
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	11,282,299	
Capital appropriations	679,271	3,652,474
Purchases of capital assets	(12,965,560)	(13,536,618)
Principal paid on debt and capital leases	(15,229,812)	(5,578,174)
Interest paid on debt and capital leases	(4,452,331)	(4,802,693)
Transfers (to) from other University System of Maryland institutions	(1,646,759)	158,751
	(22,332,892)	(20,106,260)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	26,612	503,461
Interest on investments	1,559,951	1,035,422
Investment expense	(2,424)	(949)
Purchases of investments	(11,740)	(676,977)
	1,572,399	860,957
Net cash provided (used) by investing activities	1,572,399	860,957
Net increase (decrease) in cash	(291,839)	(3,925,906)
Cash and cash equivalents - beginning of the year	16,368,800	20,294,706
Cash and cash equivalents - end of the year	\$16,076,961	\$16,368,800

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEET
JUNE 30, 2007 AND 2006

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$4,620,487		\$4,126,955	
Accounts receivable, net	3,780,328	\$588,977	3,467,261	\$40,257
Prepaid expenses				6,232
Inter-institutional balances	682		(70,484)	
Total current assets	<u>8,401,497</u>	<u>588,977</u>	<u>7,523,732</u>	<u>46,489</u>
Noncurrent assets:				
Restricted cash and cash equivalents	5,804		5,479	
Endowment investments		2,264,436		1,106,680
Capital assets, net	60,640,367		59,429,330	
Total noncurrent assets	<u>60,646,171</u>	<u>2,264,436</u>	<u>59,434,809</u>	<u>1,106,680</u>
Total assets	<u>\$69,047,668</u>	<u>\$2,853,413</u>	<u>\$66,958,541</u>	<u>\$1,153,169</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$1,107,832	\$75,931	\$952,778	\$130,313
Accrued workers' compensation, current portion	66,960		70,680	
Accrued vacation costs, current portion	534,705		504,977	
Revenue bonds and notes payable, current portion	929,202		673,522	
Deferred revenue	623,149			
Total current liabilities	<u>3,261,848</u>	<u>75,931</u>	<u>2,201,957</u>	<u>130,313</u>
Noncurrent liabilities:				
Accrued workers' compensation	365,040		385,320	
Accrued vacation costs	1,952,299		1,843,754	
Revenue bonds and notes payable	6,147,245		6,776,146	
Total noncurrent liabilities	<u>8,464,584</u>		<u>9,005,220</u>	
Total liabilities	<u>11,726,432</u>	<u>75,931</u>	<u>11,207,177</u>	<u>130,313</u>
NET ASSETS				
Unrestricted	3,751,512	676,929	3,766,223	449,993
Invested in capital assets, net	53,563,920		51,979,662	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		349,800		24,815
Research		4,065		313
Other		373,093		23,591
Expendable:				
Scholarships and fellowships		329,576		113,828
Research		250,112		90,151
Capital projects	5,804		5,479	
Other		793,907		320,165
Total net assets	<u>57,321,236</u>	<u>2,777,482</u>	<u>55,751,364</u>	<u>1,022,856</u>
Total liabilities and net assets	<u>\$69,047,668</u>	<u>\$2,853,413</u>	<u>\$66,958,541</u>	<u>\$1,153,169</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$12,869,414		\$12,781,732	
State and local grants and contracts	4,061,252		4,749,611	
Nongovernmental grants and contracts	739,677		877,276	
Sales and services of educational departments	2,252,917		2,659,366	
Total operating revenues	19,923,260		21,067,985	
OPERATING EXPENSES:				
Research	38,073,368		37,565,115	
Operation and maintenance of plant	264,564		530,722	
Total operating expenses	38,337,932		38,095,837	
Operating income (loss)	(18,414,672)		(17,027,852)	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	15,450,329		14,053,768	
Gifts		\$1,838,033		\$251,419
Investment income	367,294	41,185	229,497	95,159
Interest on indebtedness	(322,381)		(342,683)	
Other affiliated foundation revenue		7,322		(13,836)
Other affiliated foundation expense		(131,914)		(271,308)
Transfers (to) from other University System of Maryland institutions	1,154,557		1,061,496	
Total nonoperating revenues (expenses)	16,649,799	1,754,626	15,002,078	61,434
Income before other revenues, expenses, gains and losses	(1,764,873)	1,754,626	(2,025,774)	61,434
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations	3,334,745		527,367	
Total other revenues, expenses, gains and losses	3,334,745		527,367	
Increase (decrease) in net assets	1,569,872	1,754,626	(1,498,407)	61,434
Net assets - beginning of year	55,751,364	1,022,856	57,249,771	961,422
Net assets - end of year	\$57,321,236	\$2,777,482	\$55,751,364	\$1,022,856

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$17,980,425	\$19,668,704
Payments to employees	(22,017,308)	(22,628,900)
Payments to suppliers and contractors	(13,272,231)	(13,878,755)
Other receipts (payments)	2,252,917	2,647,366
	<u>(15,056,197)</u>	<u>(14,191,585)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	15,450,329	14,053,768
	<u>15,450,329</u>	<u>14,053,768</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt		527,367
Capital appropriations	3,334,745	
Proceeds from sales of capital assets	218,515	
Purchases of capital assets	(3,985,694)	(1,273,467)
Principal paid on debt and capital leases	(687,897)	(503,961)
Interest paid on debt and capital leases	(344,278)	(355,809)
Transfers (to) from other University System of Maryland institutions	1,197,040	1,127,882
	<u>(267,569)</u>	<u>(477,988)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	367,294	229,497
	<u>367,294</u>	<u>229,497</u>
Net cash provided by investing activities		
Net increase (decrease) in cash	493,857	(386,308)
Cash and cash equivalents - beginning of the year	<u>4,132,434</u>	<u>4,518,742</u>
Cash and cash equivalents - end of the year	<u>\$4,626,291</u>	<u>\$4,132,434</u>

UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
BALANCE SHEET
JUNE 30, 2007 AND 2006

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$10,329,928		\$9,985,267	
Accounts receivable, net	5,519,663	\$41,783	4,744,289	\$91,002
Prepaid expenses			(3,170)	9,000
Inter-institutional balances			(22,017)	
Total current assets	<u>15,849,591</u>	<u>41,783</u>	<u>14,704,369</u>	<u>100,002</u>
Noncurrent assets:				
Restricted cash and cash equivalents	58,947		18,100	
Endowment investments		4,044,940		3,908,638
Capital assets, net	<u>98,426,552</u>		<u>99,453,980</u>	
Total noncurrent assets	<u>98,485,499</u>	<u>4,044,940</u>	<u>99,472,080</u>	<u>3,908,638</u>
Total assets	<u>\$114,335,090</u>	<u>\$4,086,723</u>	<u>\$114,176,449</u>	<u>\$4,008,640</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$2,191,172	\$118,918	\$2,042,381	\$211,745
Accrued vacation costs, current portion	1,353,118		1,896,559	
Revenue bonds and notes payable, current portion	5,767		2,984	
Obligations under capital lease obligations, current portion	212,840		199,196	
Deferred revenue	<u>1,395,443</u>		<u>2,135,036</u>	
Total current liabilities	<u>5,158,340</u>	<u>118,918</u>	<u>6,276,156</u>	<u>211,745</u>
Noncurrent liabilities:				
Accrued vacation costs	2,556,336		2,357,397	
Revenue bonds and notes payable	1,221,490		1,371,899	
Obligations under capital lease agreements	<u>4,280,117</u>		<u>4,492,957</u>	
Total noncurrent liabilities	<u>8,057,943</u>		<u>8,222,253</u>	
Total liabilities	<u>13,216,283</u>	<u>118,918</u>	<u>14,498,409</u>	<u>211,745</u>
NET ASSETS				
Unrestricted	8,353,522	315,684	6,272,996	435,351
Invested in capital assets, net	92,706,338		93,386,944	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		389,228		243,101
Research		4,523		3,065
Other		415,147		231,113
Expendable:				
Scholarships and fellowships		682,193		626,375
Research		517,711		496,084
Capital projects	48,947		18,100	
Other		<u>1,643,319</u>		<u>1,761,806</u>
Total net assets	<u>101,108,807</u>	<u>3,967,805</u>	<u>99,678,040</u>	<u>3,796,895</u>
Total liabilities and net assets	<u>\$114,325,090</u>	<u>\$4,086,723</u>	<u>\$114,176,449</u>	<u>\$4,008,640</u>

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$22,685,079		\$20,500,721	
State and local grants and contracts	10,076,560		9,488,373	
Nongovernmental grants and contracts	1,659,454		3,241,606	
Sales and services of educational departments	942,830		1,203,675	
Total operating revenues	35,363,923		34,434,375	
OPERATING EXPENSES:				
Research	61,937,215		58,473,765	
Total operating expenses	61,937,215		58,473,765	
Operating income (loss)	(26,573,292)		(24,039,390)	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	20,771,123		17,400,955	
Gifts		\$1,131,217		\$1,181,872
Investment income	523,905	108,063	401,529	366,429
Interest on indebtedness	(350,899)		(351,501)	
Other nonoperating revenues	828,315		938,293	
Other affiliated foundation revenue		116,568		124,792
Other affiliated foundation expense		(1,184,938)		(1,438,993)
Transfers (to) from other University System of Maryland institutions	3,273,003		785,125	
Total nonoperating revenues (expenses)	25,045,447	170,910	19,174,401	234,100
Income before other revenues, expenses, gains and losses	(1,527,845)	170,910	(4,864,989)	234,100
OTHER REVENUES, EXPENSES, GAINS AND LOSSES:				
Capital appropriations	2,958,612		9,709,397	
Capital gifts and grants			16,215	
Total other revenues, expenses, gains and losses	2,958,612		9,725,612	
Increase (decrease) in net assets	1,430,767	170,910	4,860,623	234,100
Net assets - beginning of year	99,678,040	3,796,895	94,817,417	3,562,795
Net assets - end of year	\$101,108,807	\$3,967,805	\$99,678,040	\$3,796,895

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$32,906,125	\$37,088,107
Payments to employees	(39,121,826)	(39,750,922)
Payments to suppliers and contractors	(17,870,036)	(15,985,980)
Other receipts (payments)	1,771,145	2,141,968
	<u>(22,314,592)</u>	<u>(16,506,827)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	20,771,123	17,400,955
	<u>20,771,123</u>	<u>17,400,955</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	132,271	
Capital appropriations	2,958,612	9,709,397
Purchases of capital assets	(4,115,047)	(11,907,678)
Principal paid on debt and capital leases	(202,216)	(189,337)
Interest paid on debt and capital leases	(352,713)	(356,177)
Transfers (to) from other University System of Maryland institutions	2,974,165	2,342,390
	<u>1,395,072</u>	<u>(401,405)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	523,905	401,529
	<u>523,905</u>	<u>401,529</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	375,508	894,252
Cash and cash equivalents - beginning of the year	<u>10,003,367</u>	<u>9,109,115</u>
Cash and cash equivalents - end of the year	<u><u>\$10,378,875</u></u>	<u><u>\$10,003,367</u></u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEET
JUNE 30, 2007 AND 2006**

	June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$51,066,282	\$445,171	\$44,094,538	\$469,580
Accounts receivable, net	1,813,748	189,371	1,135,947	365,624
Prepaid expenses				29,694
Inter-institutional balances	(2,056,800)		1,115,609	
Total current assets	50,823,230	634,542	46,346,094	864,898
Noncurrent assets:				
Restricted cash and cash equivalents	111,762,200		48,971,672	
Endowment investments	12,104,789	276,272,376	10,346,024	241,979,254
Restricted investments				
Notes receivable, net		1,103		268,044
Other assets		288,898		2,088,412
Capital assets, net	81,441,074	4,398,241	50,481,527	2,410,262
Total noncurrent assets	205,308,063	280,960,618	109,799,223	246,745,972
Total assets	\$256,131,293	\$281,595,160	\$156,145,317	\$247,610,870
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$4,352,098	\$453,960	\$7,671,635	\$569,355
Accrued workers' compensation, current portion	17,360		18,135	
Accrued vacation costs, current portion	547,369		513,856	
Revenue bonds and notes payable, current portion	2,650,943		1,248,791	
Total current liabilities	7,567,770	453,960	9,452,417	569,355
Noncurrent liabilities:				
Accrued workers' compensation	94,640		98,865	
Accrued vacation costs	769,991		792,711	
Endowments invested on behalf of Primary Government		245,362,000		213,470,000
Other payables		10,320,550		11,103,954
Revenue bonds and notes payable	107,925,055		46,330,851	
Total noncurrent liabilities	108,789,686	255,682,550	47,222,427	224,573,954
Total liabilities	116,357,456	256,136,510	56,674,844	225,143,309
NET ASSETS				
Unrestricted	55,492,681	13,258,643	54,342,837	10,319,415
Invested in capital assets, net	71,721,411		38,379,171	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,579	3,689,757	347,579	3,953,487
Research		42,875		49,846
Other	441,998	3,935,459	441,998	3,758,541
Expendable:				
Scholarships and fellowships	823,299	1,087,372	710,453	952,566
Research		825,197		754,424
Capital projects	8,540,522		3,389,179	
Other	2,406,347	2,619,347	1,859,256	2,679,282
Total net assets	139,773,837	25,458,650	99,470,473	22,467,561
Total liabilities and net assets	\$256,131,293	\$281,595,160	\$156,145,317	\$247,610,870

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,			
	2007		2006	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$4,544,702		\$3,089,164	
State and local grants and contracts			4,384	
Nongovernmental grants and contracts	83,339			
Other operating revenues			66,278	
Total operating revenues	<u>4,628,041</u>		<u>3,159,826</u>	
OPERATING EXPENSES:				
Academic support	4,965,480		3,177,924	
Institutional support	14,906,816		12,081,084	
Total operating expenses	<u>19,872,296</u>		<u>15,259,008</u>	
Operating income (loss)	<u>(15,244,255)</u>		<u>(12,099,182)</u>	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	14,446,869		13,709,996	
Gifts		\$130,637		\$1,460,657
Investment income	\$11,347,949	10,874,199	\$7,221,403	2,550,552
Less: Investment expense	(25,865)	11,322,084	(230,578)	6,990,825
Interest on indebtedness	(4,580,993)		(1,911,621)	
Other affiliated foundation revenue		1,413,381		1,237,466
Other affiliated foundation expense		(9,427,128)		(3,301,495)
Transfers (to) from other University System of Maryland institutions	2,087,776		(15,164,459)	
Total nonoperating revenues (expenses)	<u>23,275,736</u>	<u>2,991,089</u>	<u>3,624,741</u>	<u>1,947,180</u>
Income before other revenues, expenses, gains and losses	<u>8,031,481</u>	<u>2,991,089</u>	<u>(8,474,441)</u>	<u>1,947,180</u>
OTHER REVENUES, EXPENSES, GAINS AND LOSSES				
Capital appropriations	32,481,881		10,608,754	
Capital gifts and grants			210,703	
Other gains and losses	(209,998)		(415,329)	
Total other revenues, expenses, gains and losses	<u>32,271,883</u>		<u>10,404,128</u>	
Increase (decrease) in net assets	<u>40,303,364</u>	<u>2,991,089</u>	<u>1,929,687</u>	<u>1,947,180</u>
Net assets - beginning of year	<u>99,470,473</u>	<u>22,467,561</u>	<u>97,540,786</u>	<u>20,520,381</u>
Net assets - end of year	<u>\$139,773,837</u>	<u>\$25,458,650</u>	<u>\$99,470,473</u>	<u>\$22,467,561</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006**

	Year ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$4,126,719	\$3,093,548
Payments to employees	(11,115,461)	(10,226,885)
Payments to suppliers and contractors	(5,038,271)	(3,510,507)
Other receipts (payments)	<u> </u>	<u>(248,576)</u>
Net cash provided (used) by operating activities	<u>(12,027,013)</u>	<u>(10,892,420)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	14,446,869	13,709,996
Other nonoperating gains and losses	<u>(209,999)</u>	<u>(415,329)</u>
Net cash provided (used) by noncapital financing activities	<u>14,236,870</u>	<u>13,294,667</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	74,010,495	
Capital appropriations	32,481,881	10,608,754
Capital grants and gifts received		210,703
Purchases of capital assets	(38,639,556)	(7,792,971)
Principal paid on debt and capital leases	(245,169)	(1,852,815)
Interest paid on debt and capital leases	(4,033,193)	(2,768,811)
Transfers (to) from other University System of Maryland institutions	<u>(5,408,883)</u>	<u>(38,870,848)</u>
Net cash provided (used) by capital and related financing activities	<u>58,165,575</u>	<u>(40,465,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	871,563	59,292,593
Interest on investments	8,541,142	6,356,974
Investment expense	(25,865)	(230,578)
Purchases of investments	<u> </u>	<u>(9,613,389)</u>
Net cash provided (used) by investing activities	<u>9,386,840</u>	<u>55,805,600</u>
Net increase (decrease) in cash	69,762,272	17,741,859
Cash and cash equivalents - beginning of the year	<u>93,066,210</u>	<u>75,324,351</u>
Cash and cash equivalents - end of the year	<u><u>\$162,828,482</u></u>	<u><u>\$93,066,210</u></u>

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, NONMAJOR COMPONENT UNITS
JUNE 30, 2007**

	Total Nonmajor Component Units	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	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	\$13,234,236	\$740,534	\$88,357	\$1,613,834	\$540,540	\$1,859,946	\$173,305	\$1,063,212	\$1,507,552	\$456,203	\$253,810	\$1,644,441	\$12,168	\$3,280,334
Accounts receivable	12,997,637	558,566		487,386	298,907	4,074,640	458,876	209,018	5,660,587	104,075	3,268	1,062,166	78,885	1,263
Other assets	569,755	104,316	13,262	6,413	18,588		356,005	3,883			4,832	59,281		3,175
Total current assets	26,801,628	1,403,416	101,619	2,107,633	858,035	5,934,586	988,186	1,276,113	7,168,139	560,278	261,910	2,765,888	91,053	3,284,772
Investments														
Investments	169,123,441	5,312,678	2,788,921	3,093,141	5,073,395	34,754,155	14,710,653	9,091,949	50,197,964	39,163,700	2,175,752			2,761,133
Total investments	169,123,441	5,312,678	2,788,921	3,093,141	5,073,395	34,754,155	14,710,653	9,091,949	50,197,964	39,163,700	2,175,752			2,761,133
Other assets														
Accounts receivable	137,328									137,328				
Capital assets, net	12,310,847	18,391				955,067		38,210	1,235,509	6,964,591	143,850	517	4,362	2,950,350
Other assets	5,924,689		26,503							5,898,186				
Total other assets	18,372,864	18,391	26,503			955,067		38,210	1,235,509	13,000,105	143,850	517	4,362	2,950,350
Total assets	\$214,297,933	\$6,734,485	\$2,917,043	\$5,200,774	\$5,931,430	\$41,643,808	\$15,698,839	\$10,406,272	\$58,601,612	\$52,724,083	\$2,581,512	\$2,766,405	\$95,415	\$8,996,255
LIABILITIES														
Current liabilities														
Accounts payable & accrued expenses	\$6,884,015	\$450,649	\$55,000	\$261,463	\$117,979	\$122,377	\$131,727	\$92,170	\$425,699	\$3,870,847	\$199,987	\$1,083,957	\$68,928	\$3,232
Long term debt, current	176,098									100,000			25,000	51,098
Deferred income	5,638,248	4,695		9,500				50,406	147,062	24,140				5,402,445
Total current liabilities	12,698,361	455,344	55,000	270,963	117,979	122,377	182,133	92,170	572,761	3,994,987	199,987	1,083,957	93,928	5,456,775
Other liabilities														
Other payables	4,577,436		50,000					68,592		4,065,867				392,977
Long term debt, noncurrent	1,225,706									590,971				634,735
Total other liabilities	5,803,142		50,000					68,592		4,656,838				1,027,712
Total liabilities	18,501,503	455,344	105,000	270,963	117,979	122,377	182,133	160,762	572,761	8,651,825	199,987	1,083,957	93,928	6,484,487
NET ASSETS														
Unrestricted	32,111,563	836,485	2,812,043	4,733,161	307,598	2,260,308	269,120	139,421	13,930,931	2,989,636	518,382	801,223	1,487	2,511,768
Temporarily restricted														
Scholarships & fellowships	7,313,106					4,574,201			1,761,552	977,353				
Research	27,076					11,572				15,504				
Other	45,077,153	5,442,656		196,650	405,634	10,050,135	15,247,586	1,022,640	4,964,945	6,581,352	284,330	881,225		
Permanently restricted														
Scholarships & fellowships	41,393,082					11,706,292			15,679,004	14,007,786				
Research	808,975					9,878				799,097				
Other	69,065,475				5,100,219	12,909,045		9,083,449	21,692,419	18,701,530	1,578,813			
Total net assets	195,796,430	6,279,141	2,812,043	4,929,811	5,813,451	41,521,431	15,516,706	10,245,510	58,028,851	44,072,258	2,381,525	1,682,448	1,487	2,511,768
Total liabilities & net assets	\$214,297,933	\$6,734,485	\$2,917,043	\$5,200,774	\$5,931,430	\$41,643,808	\$15,698,839	\$10,406,272	\$58,601,612	\$52,724,083	\$2,581,512	\$2,766,405	\$95,415	\$8,996,255

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, NONMAJOR COMPONENT UNITS
AS OF JUNE 30, 2006**

	Total Nonmajor Component Units	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	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	\$8,766,868	\$653,689	\$73,365	\$1,189,071	\$506,685	\$1,099,304	\$153,785	\$979,856	\$1,021,791	\$347,988	\$325,766	\$1,476,752	\$70,560	\$938,816
Accounts receivable	23,532,542	601,929		476,540	203,413	5,880,814	459,588	212,399	6,661,977	7,221,414	8,562	1,682,312		53,034
Other assets	678,790	164,348	3,594	6,249	18,718		353,705	2,464	71,106		4,969	53,637		
Total current assets	32,978,200	1,419,966	76,959	1,671,860	728,816	6,980,118	967,078	1,194,719	7,754,874	7,569,402	339,297	3,212,701	70,560	991,850
Investments														
Investments	130,286,468	4,772,449	2,328,752	2,650,201	4,024,278	26,652,044	10,636,821	7,925,663	41,123,084	26,526,766	1,757,958			1,888,452
Total investments	130,286,468	4,772,449	2,328,752	2,650,201	4,024,278	26,652,044	10,636,821	7,925,663	41,123,084	26,526,766	1,757,958			1,888,452
Other assets														
Accounts receivable	126,994									126,994				
Capital assets, net	10,627,902	25,781				1,774,809	183	54,399	1,250,512	4,397,670	155,880	1,552	4,478	2,962,638
Other assets	5,773,590		18,285							5,755,305				
Total other assets	16,528,486	25,781	18,285			1,774,809	183	54,399	1,250,512	10,279,969	155,880	1,552	4,478	2,962,638
Total assets	\$179,793,154	\$6,218,196	\$2,423,996	\$4,322,061	\$4,753,094	\$35,406,971	\$11,604,082	\$9,174,781	\$50,128,470	\$44,376,137	\$2,253,135	\$3,214,253	\$75,038	\$5,842,940
LIABILITIES														
Current liabilities														
Accounts payable & accrued expenses	\$5,716,504	\$443,430	\$55,000	\$209,472	\$14,438	\$167,770	\$29,090	\$67,496	\$333,690	\$1,122,957	\$218,849	\$2,956,777	\$41,001	\$56,534
Long term debt, current	174,932									100,000			25,000	49,932
Deferred income	3,238,801	15,596								19,808		50,312	912	3,152,173
Total current liabilities	9,130,237	459,026	55,000	209,472	14,438	167,770	29,090	67,496	333,690	1,242,765	218,849	3,007,089	66,913	3,258,639
Other liabilities														
Other payables	\$4,978,361		\$105,000				\$7,054	\$174,937		\$4,273,675				\$417,695
Long term debt, noncurrent	1,376,804									690,971				685,833
Total other liabilities	6,355,165		105,000				7,054	174,937		4,964,646				1,103,528
Total liabilities	15,485,402	459,026	160,000	209,472	14,438	167,770	36,144	242,433	333,690	6,207,411	218,849	3,007,089	66,913	4,362,167
NET ASSETS														
Unrestricted	27,880,123	1,006,056	2,263,996	3,715,939	256,790	2,717,425	300,328	79,690	12,594,370	3,008,329	241,138	207,164	8,125	1,480,773
Temporarily restricted														
Scholarships & fellowships	5,373,980					3,060,442			1,360,246	953,292				
Research	21,677					8,602				13,075				
Other	35,058,043	4,753,114		396,650	384,774	6,633,613	11,267,610	996,536	4,080,213	6,279,756	265,777			
Permanently restricted														
Scholarships & fellowships	36,114,216					10,484,169			13,281,623	12,147,116	201,308			
Research	563,738					8,570				555,168				
Other	59,295,975			4,097,092		12,326,380		7,856,122	18,478,328	15,211,990	1,326,063			
Total net assets	164,307,752	5,759,170	2,263,996	4,112,589	4,738,656	35,239,201	11,567,938	8,932,348	49,794,780	38,168,726	2,034,286	207,164	8,125	1,480,773
Total liabilities & net assets	\$179,793,154	\$6,218,196	\$2,423,996	\$4,322,061	\$4,753,094	\$35,406,971	\$11,604,082	\$9,174,781	\$50,128,470	\$44,376,137	\$2,253,135	\$3,214,253	\$75,038	\$5,842,940

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2007**

	Total Nonmajor Component Units	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation, University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	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	\$4,370,816	\$1,389,829	\$12,405		\$6,316	\$1,200,493	\$222,540	\$166,211	\$550,164	\$142,637	\$102,603	\$198,219	\$379,399	
Investment income	5,083,242	32,280	466,482	\$421,112	19,626	441,076	99,017	870	1,960,974	292,532	339,073			\$1,010,200
Other income	4,775,318	349,820	156,812	2,237,873	102,000	40	426,106	180,950	70,448	429,938	173,742	30,882		616,707
Assets released from restrictions	16,652,244	73,573		200,000	324,655	2,698,137	1,498,148	1,097,939	2,063,795	3,091,099	138,063	5,466,835		
Total revenues	30,881,620	1,845,502	635,699	2,858,985	452,597	4,339,746	2,245,811	1,445,970	4,645,381	3,956,206	753,481	5,695,936	379,399	1,626,907
Expenses														
Program	19,856,563	1,374,492	44,540	1,029,058	208,193	3,266,251	1,914,126	1,083,939	2,806,961	3,413,894	325,126	4,031,847	358,136	
General & administrative	4,430,045	430,286	43,112	662,302	193,596	1,147,014	362,893	184,627	220,900	405,387	81,997	670,030	27,901	
Fundraising	1,218,058	210,295				383,598		118,474	280,959	155,618	69,114			
Other expense	1,146,315			150,403								400,000		595,912
Total expenses	26,650,981	2,015,073	87,652	1,841,763	401,789	4,796,863	2,277,019	1,387,040	3,308,820	3,974,899	476,237	5,101,877	386,037	595,912
Change in unrestricted net assets	4,230,639	(169,571)	548,047	1,017,222	50,808	(457,117)	(31,208)	58,930	1,336,561	(18,693)	277,244	594,059	(6,638)	1,030,995
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS														
Contributions & grants	16,314,196	151,214			225,728	2,911,964	2,887,193	635,333	1,397,941	1,600,147	156,616	6,348,060		
Investment income	9,450,918	611,901			116,552	4,209,604	2,431,313	473,649	1,517,032	90,867				
Other income	2,010,401				3,235	687,062	159,618	15,861	461,878	682,747				
Assets released from restrictions	(15,811,080)	(73,573)		(200,000)	(324,655)	(2,875,379)	(1,498,148)	(1,097,939)	(2,090,813)	(2,045,675)	(138,063)	(5,466,835)		
Change in temporarily restricted net assets	11,964,435	689,542		(200,000)	20,860	4,933,251	3,979,976	26,904	1,286,038	328,086	18,553	881,225		
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS														
Contributions & grants	4,768,185				219,780	1,395,975		45,696	639,760	2,455,425	11,549			
Investment income	11,187,942				783,347	110,566		1,181,632	4,944,694	4,127,810	39,893			
Other income	178,641					122,313				56,328				
Assets released from restrictions	(841,164)					177,242			27,018	(1,045,424)				
Change in permanently restricted net assets	15,293,604				1,003,127	1,806,096		1,227,328	5,611,472	5,594,139	51,442			
Total change in net assets	31,488,678	519,971	548,047	817,222	1,074,795	6,282,230	3,948,768	1,313,162	8,234,071	5,903,532	347,239	1,475,284	(6,638)	1,030,995
Net assets(deficit) beginning of year	164,307,752	5,759,170	2,263,996	4,112,589	4,738,656	35,239,201	11,567,938	8,932,348	49,794,780	38,168,726	2,034,286	207,164	8,125	1,480,773
Net assets(deficit) end of year	\$195,796,430	\$6,279,141	\$2,812,043	\$4,929,811	\$5,813,451	\$41,521,431	\$15,516,706	\$10,245,510	\$58,028,851	\$44,072,258	\$2,381,525	\$1,682,448	\$1,487	\$2,511,768

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2006

	Total Nonmajor Component Units	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation, University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	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	\$5,753,991	\$1,232,877	\$12,100	\$19,196	\$16,572	\$713,769	\$141,516	\$90,621	\$2,679,892	\$231,552	\$21,971	\$275,992	\$317,933	
Investment income	2,029,032	30,521	238,916	279,389	22,981	79,856	22,213	891	893,640	405,945	395			\$54,285
Other income	3,632,796	292,953	58,231	1,807,614		(36,765)	433,735	41,152	82,490	386,284	211,289	6,420		349,393
Assets released from restrictions	16,097,631	26,688			339,203	2,106,081	1,146,818	679,935	2,146,261	2,836,475	215,952	6,600,218		
Total revenues	27,513,450	1,583,039	309,247	2,106,199	378,756	2,862,941	1,744,282	812,599	5,802,283	3,860,256	449,607	6,882,630	317,933	403,678
Expenses														
Program	19,789,328	1,529,437	41,709	1,176,046	208,684	2,138,519	1,591,059	481,575	3,067,653	2,948,558	329,581	5,980,928	295,579	
General & administrative	2,898,990	261,821	41,138	451,594	106,506	345,005	272,520	272,520	35,416	376,577	188,599	801,547	18,267	
Fundraising	859,374	193,263				288,247		39,658	209,768	128,438				
Other expense	268,377			98,124										170,253
Total expenses	23,816,069	1,984,521	82,847	1,725,764	315,190	2,771,771	1,591,059	793,753	3,312,837	3,453,573	518,180	6,782,475	313,846	170,253
Change in unrestricted net assets	3,697,381	(401,482)	226,400	380,435	63,566	91,170	153,223	18,846	2,489,446	406,683	(68,573)	100,155	4,087	233,425
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS														
Contributions & grants	15,578,092	60,610		196,650	161,060	2,449,443	1,281,202	371,420	753,205	3,373,406	330,878	6,600,218		
Investment income	5,222,740	704,413			122,090	1,522,534	1,181,489	182,916	1,410,032	33,891	65,375			
Other income	2,023,117					557,043	220,835	127,742	433,466	684,031				
Assets released from restrictions	(15,290,024)	(26,688)			(339,203)	(2,106,081)	(1,146,818)	(679,935)	(2,141,353)	(2,033,776)	(215,952)	(6,600,218)		
Change in temporarily restricted net assets	7,533,925	738,335		196,650	(56,053)	2,422,939	1,536,708	2,143	455,350	2,057,552	180,301			
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS														
Contributions & grants	10,487,631				103,623	854,080		189,750	462,400	8,875,119	2,659			
Investment income	5,086,341				369,977	13,816		764,066	2,088,990	1,827,017	22,475			
Other income	(1,342,923)					132,987		(611,575)		(864,335)				
Assets released from restrictions	(807,607)								(4,908)	(802,699)				
Change in permanently restricted net assets	13,423,442				473,600	1,000,883		342,241	2,546,482	9,035,102	25,134			
Total change in net assets	24,654,748	336,853	226,400	577,085	481,113	3,514,992	1,689,931	363,230	5,491,278	11,499,337	136,862	100,155	4,087	233,425
Net assets(deficit) beginning of year	139,653,004	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
Net assets(deficit) end of year	164,307,752	\$5,759,170	\$2,263,996	\$4,112,589	\$4,738,656	\$35,239,201	\$11,567,938	\$8,932,348	\$49,794,780	\$38,168,726	\$2,034,286	\$207,164	\$8,125	\$1,480,773

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTAL DATA YEARS ENDED JUNE 30, 2007 AND 2006

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.