

UNIVERSITY SYSTEM OF MARYLAND

**Financial Statements and Supplemental Data
together with
Reports of Independent Public Accountants**

For the Years Ended June 30, 2008 and 2007

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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, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express opinions on these financial statements based on our audits.

We only audited the component unit financial statements of Coppin State College Development Foundation, Inc. and Bowie State University Foundation, Inc. We did not audit the other component unit financial statements. The component units we did not audit represent 99 percent, 98 percent and 97 percent, respectively, 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 audit provides a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of the 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, 2008 and 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 9 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 opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplemental data and notes to supplemental data contained on pages 39 to 89 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 audits and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

November 11, 2008

**UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007**

The management of the University System of Maryland (the System), provides the readers of the System's financial statements with this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2008 and 2007.

Financial Highlights

- Unrestricted net assets increased by \$136,908,894 for the year ended June 30, 2008, compared to an increase of \$131,153,385 for the year ended June 30, 2007.
- State appropriations legislated for the System increased by 7.6% for the year ended June 30, 2008, to \$1,004,067,729. For the year ended June 30, 2007, State appropriations increased by 15% from the amount received in the year ended June 30, 2006.
- Tuition and fees, after deducting Scholarship allowances, increased by \$70,534,382, or 8.1% for the year ended June 30, 2008. During the year ended June 30, 2007, net Tuition and fees increased by more than 5%, or \$47,568,222.

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).

**UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007**

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 (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, three 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, 2008, the System's financial health remains strong, with assets exceeding liabilities by \$3,741,283,144, shown on the Balance Sheet as total net assets. This compares with total net assets of \$3,424,332,174 as of June 30, 2007. As suggested earlier, when viewed over time, net assets may be useful as an indicator of financial health.

For the year ended June 30, 2008, total net assets increased by \$316,950,970. Net assets invested in capital assets, net of related debt, increased by \$199,326,790, while unrestricted net assets increased \$136,908,894, and restricted net asset categories decreased by \$19,284,714.

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. The \$136,908,894 increase in unrestricted net assets for the year ended June 30, 2008 is attributable to continuing institutional efforts to limit expenditures, revenues from enrollment growth beyond that anticipated, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

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.

**UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007**

The table below presents summary-level information of the System's assets, liabilities, and net assets as of June 30, 2008, 2007 and 2006.

**Condensed Balance Sheet
June 30, 2008, 2007 and 2006**

	2008	2007	2006
Current and other assets	\$1,814,836,997	\$1,596,331,019	\$1,352,831,211
Capital assets, net	3,434,909,097	3,248,364,874	3,103,409,930
Total assets	<u>\$5,249,746,094</u>	<u>\$4,844,695,893</u>	<u>\$4,456,241,141</u>
Debt and obligations under capital lease agreements	\$969,923,078	\$954,846,383	\$934,826,271
Other liabilities	538,539,872	465,517,336	443,689,080
Total liabilities	<u>1,508,462,950</u>	<u>1,420,363,719</u>	<u>1,378,515,351</u>
Net assets:			
Invested in capital assets, net of related debt	2,593,701,616	2,394,374,826	2,204,079,348
Restricted	283,861,837	303,146,551	277,989,030
Unrestricted	863,719,691	726,810,797	595,657,412
Total net assets	<u>3,741,283,144</u>	<u>3,424,332,174</u>	<u>3,077,725,790</u>
Net assets and liabilities	<u>\$5,249,746,094</u>	<u>\$4,844,695,893</u>	<u>\$4,456,241,141</u>

The table below presents summary-level information on revenues, expenses, and other changes in the System's net assets for the years ended June 30, 2008, 2007 and 2006.

**Condensed Statement of Revenues, Expenses and Changes in Net Assets
Years ended June 30, 2008, 2007 and 2006**

	2008	2007	2006
Operating revenues	\$2,658,866,732	\$2,441,077,210	\$2,342,248,618
Operating expenses	3,589,864,275	3,320,914,383	3,148,332,309
Operating loss	<u>(930,997,543)</u>	<u>(879,837,173)</u>	<u>(806,083,691)</u>
State appropriations	1,004,067,729	933,537,277	811,587,718
Other nonoperating revenues (expenses), gains and (losses), net	76,958,719	113,770,882	50,484,079
Total nonoperating revenues and expenses	<u>1,081,026,448</u>	<u>1,047,308,159</u>	<u>862,071,797</u>
Income before other revenues and expenses	150,028,905	167,470,986	55,988,106
Other revenues and (expenses)	166,922,065	179,135,398	98,313,672
Increase in net assets	316,950,970	346,606,384	154,301,778
Net assets, beginning of year	3,424,332,174	3,077,725,790	2,923,424,012
Net assets, end of year	<u>\$3,741,283,144</u>	<u>\$3,424,332,174</u>	<u>\$3,077,725,790</u>

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

**UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007**

For the years ended June 30, 2008, 2007 and 2006, operating revenues, which under the definitions used by Governmental Accounting Standards Board (GASB) excludes state appropriations, are detailed below:

	2008		2007		2006	
	\$	%	\$	%	\$	%
Tuition and fees	\$943,833,756	35.5%	\$873,299,374	35.8%	\$825,731,152	35.3%
Contracts and grants	994,640,498	37.4	915,160,680	37.5	894,892,206	38.2
Sales and services of educational departments	224,755,063	8.5	193,763,649	7.9	193,883,509	8.3
Auxiliary enterprises	434,309,237	16.3	404,857,492	16.6	380,383,142	16.2
Other operating	61,328,178	2.3	53,996,015	2.2	47,358,609	2.0
Total	\$2,658,866,732	100.0%	\$2,441,077,210	100.0%	\$2,342,248,618	100.0%

Tuition and fees reflect the increases in tuition rates and other student charges enacted for the years ended June 30, 2008 and 2007 for graduate and non-resident undergraduate students, as well as modest enrollment increases in both years, most notably at the University of Maryland College Park, and the University of Maryland University College. Fee increases for residence halls and dining facilities and enrollment increases account for the increase in revenues from auxiliary enterprise activities.

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

For the year ended June 30, 2008, increases in payments to suppliers, contractors and other payments account for the largest component of the overall increase in operating expenses over the year ended June 30, 2007. Payments to suppliers, contractors and other increased by more than 16% over the year ended June 30, 2007, with the largest increase associated with research activities.

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.

**UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007**

For the years ended June 30, 2008, 2007 and 2006, operating expenses are detailed below:

	2008		2007		2006	
	\$	%	\$	%	\$	%
Instruction	\$951,367,571	26.5%	\$890,577,102	26.8%	\$861,190,251	27.4%
Research	838,754,387	23.4	761,371,454	22.9	719,067,546	22.8
Public service	136,357,718	3.8	126,113,115	3.8	122,907,620	3.9
Academic support	318,240,451	8.9	287,337,936	8.7	259,224,184	8.2
Student services	154,969,079	4.3	143,441,415	4.3	125,431,531	4.0
Institutional support	326,342,237	9.1	317,336,126	9.6	300,468,318	9.5
Operation and maintenance of plant	272,127,045	7.6	261,288,566	7.9	248,442,713	7.9
Scholarships and fellowships	75,884,153	2.1	63,141,801	1.9	59,116,525	1.9
Auxiliary enterprises	404,597,108	11.2	369,809,173	11.1	354,218,448	11.3
Hospital	111,224,526	3.1	100,497,695	3.0	98,265,173	3.1
Total	\$3,589,864,275	100.0%	\$3,320,914,383	100.0%	\$3,148,332,309	100.0%

Capital Asset and Debt Administration

The System added \$374,613,248 in new capital assets during the year ended June 30, 2008. Of these additions, \$156,128,731 was funded through the use of State of Maryland debt proceeds or cash balances, \$75,932,467 was funded from the proceeds of System debt obligations, and the balance of \$142,552,050 was purchased using System cash balances or received as donations.

During the year ended June 30, 2008, several significant projects were completed and placed in service, including a \$66 million new Teacher Education and Technology Center at Salisbury University and a \$21 million addition to Van Munching Hall at University of Maryland, College Park.

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.

**UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007**

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.

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 has financed equipment and personal property acquisitions through the use of \$65,000,000 of proceeds of auction rate reset securities known as the Revolving Loan Program and issued in 2003. In April, 2008, the System purchased \$15,000,000 of the auction rate reset securities in response to failed auctions that were occurring for most issuers of auction rate reset securities as a result of the collapse of the credit insurance market. On June 26, 2008, the 2003 Series A Bonds in a principal amount of \$50,000,000 were converted from an auction rate mode to a Multiannual Rate which is determined annually as a result of an auction process.

On June 26, 2008, the System issued \$90,000,000 of 2008 Series A Revenue Bonds to fund construction, renewal and replacement, and acquisition projects previously authorized by the Board of Regents.

On July 3, 2008, the System issued \$29,070,000 of 2008 Refunding Series B Revenue Bonds to refinance \$28,880,000 of previously issued revenue bonds. The refinancing will reduce future principal and interest payments by \$1,018,772, in present value.

Economic Factors and Next Year's Budget and Rates

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

Across all student categories, enrollment is expected to continue to increase over the next ten years, with more than 19% more students anticipated by the end of fiscal year 2017. Projections for fiscal year 2009 reflect an expected increase of approximately 2,500 students, or 1.8%. During the past three years, the System has held resident tuition levels constant, improving the System's institutions relative affordability with their regional peers. Improving access through moderating tuition increases and improving financial aid will enhance prospects for attaining the enrollment levels projected.

**UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2008 AND 2007**

With a new administration leading the Federal government in January 2009, and the possibility of a realignment of priorities, there is increased uncertainty as to continued increases in research and student financial aid funding. However, several System institutions have successfully developed research capabilities and expertise in areas of national importance. Combined with geographical proximity to Federal agencies and complementary private enterprises, the System is well positioned for continued growth in research activities, particularly in the health sciences and defense-related fields.

The economy of the State of Maryland is experiencing many of the same effects, if not in the same magnitude, that the rest of the nation is undergoing as a result of the current financial crisis. The state government closely monitors revenue receipts and revises projections on a quarterly basis. Projected revenues for fiscal year 2009 are lower than budgeted, and the Governor and top state officials have acted to curtail spending by state agencies, including the System and the rest of public higher education. Until projected revenues begin to stabilize at levels sufficient to fund state operations, there will be additional actions taken to further limit spending. As an economic engine for the entire state and region, the System would advocate a minimization of the impact that any additional actions taken by the state on funding provided to higher education.

Personnel costs account for more than two-thirds of the System's non-capital spending. Health-care costs and the adoption of a state-wide funding strategy for providing for retiree's health-care costs are significant drivers of the System's future spending levels. As enrollment continues to increase, it is reasonable to expect that additional faculty and support staff will be required to maintain the current level of educational quality.

Requests for Information

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

**UNIVERSITY SYSTEM OF MARYLAND
BALANCE SHEET
JUNE 30, 2008 AND 2007**

	June 30,	
	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,043,292,959	\$863,051,127
Accounts receivable, net	303,491,112	278,971,189
Notes receivable, current portion	10,275,611	11,481,695
Inventories	10,184,405	8,827,438
Prepaid expenses and deferred charges	8,308,004	6,951,575
Total current assets	<u>1,375,552,091</u>	<u>1,169,283,024</u>
Noncurrent assets:		
Restricted cash and cash equivalents	69,421,800	120,836,429
Endowment investments	235,610,436	246,335,587
Restricted investments	73,584,640	
Notes receivable, net	60,668,030	59,875,979
Capital assets, net	3,434,909,097	3,248,364,874
Total noncurrent assets	<u>3,874,194,003</u>	<u>3,675,412,869</u>
Total assets	<u>\$5,249,746,094</u>	<u>\$4,844,695,893</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$197,780,783	\$161,053,029
Accrued workers' compensation, current portion	4,273,350	4,183,140
Accrued vacation costs, current portion	78,385,354	70,500,611
Revenue bonds and notes payable, current portion	71,150,061	67,510,610
Obligations under capital lease agreements, current portion	227,420	212,840
Deferred revenue	156,022,021	133,064,662
Total current liabilities	<u>507,838,989</u>	<u>436,524,892</u>
Noncurrent liabilities:		
Accrued workers' compensation	23,296,650	22,804,860
Accrued vacation costs	78,781,714	73,911,034
Revenue bonds and notes payable	894,492,901	882,842,816
Obligations under capital lease agreements	4,052,696	4,280,117
Total noncurrent liabilities	<u>1,000,623,961</u>	<u>983,838,827</u>
Total liabilities	<u>1,508,462,950</u>	<u>1,420,363,719</u>
NET ASSETS		
Unrestricted	863,719,691	726,810,797
Invested in capital assets, net of related debt	2,593,701,616	2,394,374,826
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,551,546	11,214,937
Research	3,643,427	3,643,427
Other	14,679,579	14,855,039
Expendable:		
Scholarships and fellowships	51,580,740	51,885,424
Research	83,365,637	87,403,620
Loans	72,270,813	75,755,439
Capital projects	10,287,441	16,952,257
Other	36,482,654	41,436,408
Total net assets	<u>3,741,283,144</u>	<u>3,424,332,174</u>
Total liabilities and net assets	<u>\$5,249,746,094</u>	<u>\$4,844,695,893</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING BALANCE SHEET, COMPONENT UNITS
JUNE 30, 2008**

Major Component Units

	The University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
ASSETS					
Current assets					
Cash	\$ 468,000	\$ 9,421,017	\$ 235,227	\$ 19,374,541	\$ 29,498,785
Accounts receivable	17,601,000	24,275,642	7,496,792	13,007,686	62,381,120
Other assets	890,000	112,858		482,387	1,485,245
Total current assets	18,959,000	33,809,517	7,732,019	32,864,614	93,365,150
Investments					
Investments	552,773,000	269,739,072	131,871,157	165,929,615	1,120,312,844
Total investments	552,773,000	269,739,072	131,871,157	165,929,615	1,120,312,844
Other assets					
Accounts receivable	14,474,000	51,645,625	16,698,328	253,716	83,071,669
Capital assets, net	8,878,000			10,169,617	19,047,617
Assets held for sale	550,000				550,000
Other assets	946,000		5,507,319	6,551,631	13,004,950
Total other assets	24,848,000	51,645,625	22,205,647	16,974,964	115,674,236
Total assets	\$ 596,580,000	\$ 355,194,214	\$ 161,808,823	\$ 215,769,193	\$ 1,329,352,230
LIABILITIES					
Current liabilities					
Accounts payable & accrued expenses	\$ 4,844,000	\$ 1,332,269	\$ 2,090,275	\$ 5,575,708	\$ 13,842,252
Long term debt, current				147,090	147,090
Deferred income	667,000	1,384,681		7,144,542	9,196,223
Total current liabilities	5,511,000	2,716,950	2,090,275	12,867,340	23,185,565
Other liabilities					
Other payables	35,437,380	2,985,877	1,721,470	\$7,014,442	47,159,169
Due to primary government	235,460,620				235,460,620
Long term debt, noncurrent				3,338,136	3,338,136
Total other liabilities	270,898,000	2,985,877	1,721,470	10,352,578	285,957,925
Total liabilities	276,409,000	5,702,827	3,811,745	23,219,918	309,143,490
NET ASSETS					
Unrestricted	60,692,000	6,057,197	18,788,552	30,778,837	116,316,586
Temporarily restricted:					
Scholarships & fellowships	12,816,000	38,540,822	5,992,563	6,562,623	63,912,008
Research	10,235,000	5,011,583	8,665,601	32,961	23,945,145
Other	39,239,000	115,280,724	39,889,104	47,738,569	242,147,397
Permanently restricted:					
Scholarships & fellowships	101,260,000	56,802,348	20,332,405	42,361,056	220,755,809
Research	1,812,000	929,248	1,026,651	783,236	4,551,135
Other	94,117,000	126,869,465	63,302,202	64,291,993	348,580,660
Total net assets	320,171,000	349,491,387	157,997,078	192,549,275	1,020,208,740
Total liabilities & net assets	\$ 596,580,000	\$ 355,194,214	\$ 161,808,823	\$ 215,769,193	\$ 1,329,352,230

See Accompanying Notes

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

Major Component Units

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

See Accompanying Notes

UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,		
	2008		2007
OPERATING REVENUES:			
Tuition and fees	\$1,106,084,114		\$1,023,131,582
Less: scholarship allowances	(162,250,358)	\$943,833,756	(149,832,208)
Federal grants and contracts		678,019,334	643,895,164
State and local grants and contracts		163,501,622	154,130,275
Nongovernmental grants and contracts		153,119,542	117,135,241
Sales and services of educational departments		224,755,063	193,763,649
Auxiliary enterprises:			
Residential facilities	109,751,346		104,976,307
Less: scholarship allowances	(8,875,708)	100,875,638	(8,322,628)
Dining facilities	94,270,116		86,268,396
Less: scholarship allowances	(4,978,581)	89,291,535	(4,923,741)
Intercollegiate athletics	77,630,990		72,040,907
Less: scholarship allowances	(3,663,418)	73,967,572	(3,057,909)
Bookstores	33,128,509		32,230,686
Less: scholarship allowances	(131,309)	32,997,200	(98,927)
Parking facilities	33,639,938		35,505,976
Less: scholarship allowances		33,639,938	(85,662)
Other auxiliary enterprises revenues	103,568,051		90,344,920
Less: scholarship allowances	(30,697)	103,537,354	(20,833)
Other operating revenues		61,328,178	53,996,015
Total operating revenues		2,658,866,732	2,441,077,210
OPERATING EXPENSES:			
Instruction		951,367,571	890,577,102
Research		838,754,387	761,371,454
Public service		136,357,718	126,113,115
Academic support		318,240,451	287,337,936
Student services		154,969,079	143,441,415
Institutional support		326,342,237	317,336,126
Operation and maintenance of plant		272,127,045	261,288,566
Scholarships and fellowships		75,884,153	63,141,801
Auxiliary enterprises:			
Residential facilities		97,170,953	87,130,507
Dining facilities		87,420,855	80,566,451
Intercollegiate athletics		76,998,136	72,156,532
Bookstores		29,037,473	30,117,986
Parking facilities		25,559,508	23,385,877
Other auxiliary enterprises expenses		88,410,183	76,451,820
Hospital		111,224,526	100,497,695
Total operating expenses		3,589,864,275	3,320,914,383
Operating loss		(930,997,543)	(879,837,173)
NONOPERATING REVENUES (EXPENSES):			
State appropriations		1,004,067,729	933,537,277
Gifts		49,847,581	36,841,845
Investment income	61,644,195		101,356,090
Less: Investment expense	(688,401)	60,955,794	(533,676)
Interest on indebtedness		(39,304,438)	(43,497,160)
Other revenues, (expenses), gains and (losses)		5,459,782	19,603,783
Total nonoperating revenue (expenses)		1,081,026,448	1,047,308,159
Income before other revenues (expenses)		150,028,905	167,470,986
OTHER REVENUES (EXPENSES):			
Capital appropriations		156,128,731	147,870,968
Capital gifts and grants		10,661,485	30,732,389
Additions to permanent endowments		131,849	532,041
Total other revenues (expenses)		166,922,065	179,135,398
Increase in net assets		316,950,970	346,606,384
Net assets - beginning of year		3,424,332,174	3,077,725,790
Net assets - end of year		\$3,741,283,144	\$3,424,332,174

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2008

	The University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$ 2,834,000	\$ 5,000	\$ 6,847,158	\$ 10,378,002	\$ 20,064,160
Investment income	779,000	\$5,121,468	2,420,696	(372,596)	7,948,568
Other income	4,944,000	726,361	398,600	5,563,468	11,632,429
Assets released from restrictions	21,930,000	45,959,523	13,200,294	14,703,734	95,793,551
Total revenues	30,487,000	51,812,352	22,866,748	30,272,608	135,438,708
Expenses					
Program	24,966,000	49,821,706	21,343,738	25,153,420	121,284,864
General & administrative	5,076,000	805,655	1,071,213	5,114,879	12,067,747
Fundraising	2,965,000	637,520	737,884	1,146,798	5,487,202
Other expense				1,071,463	1,071,463
Total expenses	33,007,000	51,264,881	23,152,835	32,486,560	139,911,276
Transfer per Board Resolution	(1,043,000)		26,010		(1,016,990)
Change in unrestricted net assets	(3,563,000)	547,471	(260,077)	(2,213,952)	(5,489,558)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	17,402,000	47,851,452	13,417,389	12,268,763	90,939,604
Investment income	7,762,000	(5,044,322)	(4,899,481)	1,165,084	(1,016,719)
Other income	-	(190,211)	-	2,514,495	2,324,284
Assets released from restrictions	(21,930,000)	(46,244,083)	(13,200,294)	(13,150,298)	(94,524,675)
Total revenues	3,234,000	(3,627,164)	(4,682,386)	2,798,044	(2,277,506)
Transfer per Board Resolution	(1,410,000)	7,838	2,779,494		1,377,332
Change in temporarily restricted net assets	1,824,000	(3,619,326)	(1,902,892)	2,798,044	(900,174)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	7,944,000	17,640,545	14,343,024	4,847,887	44,775,456
Investment income	(4,619,000)		4,520,915	(7,260,592)	(7,358,677)
Other income		(199,852)		134,894	(64,958)
Assets released from restrictions		284,560		(1,553,436)	(1,268,876)
Total revenues	3,325,000	17,725,253	18,863,939	(3,831,247)	36,082,945
Transfer per Board Resolution	(1,972,000)	25,450	1,561,167		(385,383)
Change in permanently restricted net assets	1,353,000	17,750,703	20,425,106	(3,831,247)	35,697,562
Total change in net assets	(386,000)	14,678,848	18,262,137	(3,247,155)	29,307,830
Net assets(deficit) beginning of year	320,557,000	334,812,539	139,734,941	195,796,430	990,900,910
Net assets(deficit) end of year	\$ 320,171,000	\$ 349,491,387	\$ 157,997,078	\$ 192,549,275	\$ 1,020,208,740

See Accompanying Notes

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

	The University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
CHANGES IN UNRESTRICTED NET ASSETS					
Revenues					
Contributions & grants	\$ 4,956,000	\$ -	\$ 8,941,133	\$ 4,370,816	\$ 18,267,949
Investment income	11,590,000	\$6,486,401	2,640,183	5,083,242	25,799,826
Other income	4,903,000	762,432	384,806	4,775,318	10,825,556
Assets released from restrictions	20,954,000	38,258,728	11,889,506	16,652,244	87,754,478
Total revenues	42,403,000	45,507,561	23,855,628	30,881,620	142,647,809
Expenses					
Program	25,955,000	40,714,433	18,006,102	19,856,563	104,532,098
General & administrative	4,688,000	701,736	1,043,302	4,430,045	10,863,083
Fundraising	3,841,000	568,407	462,406	1,218,058	6,089,871
Other expense				1,146,315	1,146,315
Total expenses	34,484,000	41,984,576	19,511,810	26,650,981	122,631,367
Transfer per Board Resolution	(1,305,000)				(1,305,000)
Change in unrestricted net assets	6,614,000	3,522,985	4,343,818	4,230,639	18,711,442
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Contributions & grants	13,405,000	38,888,750	7,591,148	16,314,196	76,199,094
Investment income	13,162,000	33,664,679	14,158,047	9,450,918	70,435,644
Other income		(361,145)		2,010,401	1,649,256
Assets released from restrictions	(20,954,000)	(38,361,109)	(11,889,506)	(15,811,080)	(87,015,695)
Total revenues	5,613,000	33,831,175	9,859,689	11,964,435	61,268,299
Transfer per Board Resolution	(1,619,000)	329,104	2,848,124		1,558,228
Change in temporarily restricted net assets	3,994,000	34,160,279	12,707,813	11,964,435	62,826,527
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS					
Contributions & grants	3,142,000	13,647,377	7,407,060	4,768,185	28,964,622
Investment income	24,600,000		1,168,059	11,187,942	36,956,001
Other income		53,782		178,641	232,423
Assets released from restrictions		102,381		(841,164)	(738,783)
Total revenues	27,742,000	13,803,540	8,575,119	15,293,604	65,414,263
Transfer per Board Resolution	(5,063,000)	266,523	3,822,871		(973,606)
Change in permanently restricted net assets	22,679,000	14,070,063	12,397,990	15,293,604	64,440,657
Total change in net assets	33,287,000	51,753,327	29,449,621	31,488,678	145,978,626
Net assets(deficit) beginning of year	287,270,000	283,059,212	110,285,320	164,307,752	844,922,284
Net assets(deficit) end of year	\$ 320,557,000	\$ 334,812,539	\$ 139,734,941	\$ 195,796,430	\$990,900,910

See Accompanying Notes

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$940,916,273	\$885,072,085
Research contracts and grants	1,002,559,267	892,463,292
Payments to employees	(2,306,247,050)	(2,207,628,193)
Payments to suppliers and contractors	(1,056,596,974)	(909,272,524)
Loans issued to students	(13,623,908)	(14,783,061)
Collections of loans to students	14,214,864	12,552,019
Auxiliary enterprises:		
Residential facilities	104,284,200	92,475,795
Dining facilities	89,182,345	82,459,855
Intercollegiate athletics	74,054,656	69,180,431
Bookstores	32,756,991	32,047,946
Parking facilities	33,533,229	35,490,116
Other	103,002,117	91,095,072
Other receipts	336,189,511	278,418,056
Net cash used by operating activities	(645,774,479)	(660,429,111)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,004,067,729	933,537,277
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	131,849	485,899
Net cash provided by noncapital financing activities	1,004,199,578	934,023,176
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds of capital debt	98,322,885	160,286,449
Capital appropriations	156,128,731	147,870,968
Capital grants and gifts received	9,565,057	29,146,211
Proceeds from sales of capital assets	2,773,603	28,228,891
Purchases of capital assets	(371,606,873)	(342,106,361)
Principal paid on debt and capital leases	(82,406,090)	(137,431,673)
Interest paid on debt and capital leases	(40,675,883)	(46,033,355)
Net cash used by capital and related financing activities	(227,898,570)	(160,038,870)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	12,749,940	14,773,722
Interest on investments	61,452,289	58,251,732
Investment expense	(685,977)	(533,676)
Purchases of investments	(75,215,578)	(584,792)
Net cash provided by investing activities	(1,699,326)	71,906,986
Net increase (decrease) in cash	128,827,203	185,462,181
Cash and cash equivalents - beginning of the year	983,887,556	798,425,375
Cash and cash equivalents - end of the year	\$1,112,714,759	\$983,887,556
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	(\$930,997,543)	(\$879,837,173)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	179,295,569	174,213,655
Gifts and Other revenues, (expenses), gains, and (losses)	55,307,363	56,445,628
Changes in assets and liabilities:		
Accounts receivables, net	(24,519,923)	(26,269,784)
Inventories	(1,356,967)	351,500
Prepaid expenses and deferred charges	(1,356,429)	(1,861,873)
Notes receivable	414,033	(1,658,736)
Accounts payable and accrued liabilities	41,144,636	(5,072,370)
Deferred revenue	22,957,359	15,259,749
Accrued vacation	12,755,423	6,977,293
Accrued workers' compensation	582,000	1,023,000
Net cash used by operating activities	(\$645,774,479)	(\$660,429,111)

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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, 2008 and 2007, the foundations distributed approximately \$79,000,000 and \$62,000,000, 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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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, 2007 have been reclassified to conform with the presentation for the year ended June 30, 2008.

Pending change in accounting principles – 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.

In June 2007, *GASB Statement #51, Accounting and Financial Reporting for Intangible Assets*, was issued. This accounting standard establishes accounting and financial reporting requirements for intangible assets such as easements, patents and trademarks, and computer software.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

In November 2007, *GASB Statement #52, Land and Other Real Estate Held As Investments by Endowments*, was issued, establishing consistent standards for the reporting of land and other real estate held as investments by entities that receive endowments.

In June 2008, *GASB Statement #53, Accounting and Financial Reporting for Derivative Instruments*, was issued. This accounting standard establishes recognition, measurement, and disclosure requirements for derivative instruments held by state and local governments, including public higher education institutions.

The System is in the process of assessing the impact of these new accounting standards and will present its financial statements for the year ended June 30, 2009 in accordance with *GASB Statements #49, #50 and #52*, and for the year ended June 30, 2010 in accordance with *GASB Statements #51 and #53*.

1. CASH AND INVESTMENTS

Cash and cash equivalents

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

	<u>2008</u>	<u>2007</u>
Cash and short-term investments on deposit with the State Treasurer	\$1,008,837,395	\$831,525,177
Demand and time deposits	34,455,564	31,512,961
Money market accounts		12,989
Total	<u>\$1,043,292,959</u>	<u>\$863,051,127</u>

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

As of June 30, 2008, and 2007 the carrying amount of the System's demand and time deposits was \$34,455,564 and \$31,512,961, as compared to bank balances of \$78,045,454 and \$56,175,066, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$72,818,144 and \$50,487,122 was covered by Federal, private or foreign national government depository insurance, or was collateralized by a pledge of United States Treasury obligations held by the System's agents in the name of the System, and \$5,227,310 and \$5,687,944 was uninsured and uncollateralized as of June 30, 2008 and 2007, respectively.

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

Money market accounts used for unrestricted cash and cash equivalents are not rated by rating agencies.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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

- United States Treasury and agency obligations.
- Deposits, having a maturity of no more than 365 days, in any bank, savings institution or trust company to the extent such deposits are fully insured or collateralized.
- Commercial paper rated at least A-1 by Standard & Poor's Corporation (Standard & Poor's) and P-1 by Moody's Investors Service, Inc. (Moody's) having a maturity of no more than 270 days.
- Repurchase agreements.
- Obligations of any state or political subdivision rated by Standard & Poor's and Moody's in one of its two highest rating categories.
- Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

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

	<u>2008</u>	<u>2007</u>
Money market accounts –		
Endowment funds uninvested cash	\$ 364,041	\$ 410,483
Money market accounts – unspent proceeds of debt	<u>69,057,759</u>	<u>120,425,946</u>
Total	<u>\$69,421,800</u>	<u>\$120,836,429</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 \$197 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 0.25% 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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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.

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

Credit risk

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

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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

Concentration of credit risk

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

As of June 30, 2008, the System had the following investments, which individually represent 5% or more of total investments:

	<u>2008</u>	
	<u>Fair value</u>	<u>Portion of total</u>
Federal Home Loan Mortgage Corporation	\$51,467,616	17%

Endowment investments

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

	<u>2008</u>	<u>2007</u>
Corporate debt	\$ 17,625	\$ 122,182
Corporate equities	132,191	850,955
Assets invested with University System of Maryland Foundation, Inc.	<u>235,460,620</u>	<u>245,362,450</u>
Total	<u>\$235,610,436</u>	<u>\$246,335,587</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 4.75% 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 \$185,799,000 and \$197,332,000 as of June 30, 2008 and 2007, 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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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.

Restricted investments

Restricted investments represent unspent proceeds and other debt-related trust account balances invested in U.S. Government and agency obligations.

As of June 30, 2008 restricted investments consist of:

	Fair value	Investment maturities	
		Less than 1 year	1 to 5 years
U.S. government and agency obligations	\$73,584,640	\$51,345,858	\$22,238,782

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, 2008 and 2007, investment income attributed to unrestricted funds and restricted funds was:

	<u>2008</u>	<u>2007</u>
Unrestricted funds	\$54,412,637	\$ 64,047,384
Restricted funds	7,231,558	37,308,706
Total investment income	<u>\$61,644,195</u>	<u>\$101,356,090</u>

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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, 2008 and 2007, major component unit investments, recorded at fair value, are:

	<u>2008</u>	<u>2007</u>
Money market funds and short-term investments	\$ 42,900,833	\$ 49,243,718
Corporate and foreign bonds	22,569,612	8,052,036
Equities	59,343,378	115,095,415
U.S. Treasury notes and bonds	68,851,703	56,948,019
U.S. Agencies		3,316,962
Collateral mortgage obligations and asset-backed securities	6,154,853	13,579,491
Absolute return and market neutral funds	247,523,336	196,930,443
Long and short equity hedge funds	287,119,739	338,179,816
Private capital	82,640,999	60,080,618
Real estate	137,288,073	88,157,261
	<u>\$954,392,526</u>	<u>\$929,583,779</u>
Total		

2. CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2008 and 2007 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, 2008 and 2007 was \$40,345,429 and \$43,775,905, respectively. Interest expense of \$1,040,991 and \$278,745 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2008 and 2007, respectively. The remaining \$39,304,438 and \$43,497,160 is reported as Interest on indebtedness for the years ended June 30, 2008 and 2007, respectively.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

2. CAPITAL ASSETS (continued)

	June 30, 2007	Additions	Decreases	June 30, 2008
Capital assets being depreciated:				
Infrastructure & Land Improvements	\$ 221,771,471	\$ 18,352,452	\$ 1,400,000	\$ 238,723,923
Buildings & Improvements	3,801,948,629	185,115,578	6,654,519	3,980,409,688
Contents	891,877,063	76,967,999	23,502,175	945,342,887
Buildings recorded under capital lease agreements	4,136,104			4,136,104
Total capital assets being depreciated	4,919,733,267	280,436,029	31,556,694	5,168,612,602
Less accumulated depreciation for:				
Infrastructure & Land Improvements	107,563,114	9,810,406	1,400,000	115,973,520
Buildings & Improvements	1,353,975,210	104,484,615	656,635	1,457,803,190
Contents	600,249,729	64,862,673	20,763,018	644,349,384
Buildings recorded under capital lease agreements	2,343,875	137,875		2,481,750
Total accumulated depreciation	2,064,131,928	179,295,569	22,819,653	2,220,607,844
Total capital assets being depreciated, net	2,855,601,339	101,140,460	8,737,041	2,948,004,758
Capital assets not being depreciated:				
Land	113,156,720	4,536,137		117,692,857
Contents	12,723,933	1,794,130	36,415	14,481,648
Construction in progress	266,882,882	273,853,542	186,006,590	354,729,834
Total capital assets not being depreciated	392,763,535	280,183,809	186,043,005	486,904,339
Capital assets, net	\$3,248,364,874	\$381,324,269	\$194,780,046	\$3,434,909,097

	June 30, 2006	Additions	Decreases	June 30, 2007
Capital assets being depreciated:				
Infrastructure & Land Improvements	\$200,720,246	\$21,051,225	\$ -	\$221,771,471
Buildings & Improvements	3,580,899,884	255,111,487	34,062,742	3,801,948,629
Contents	832,834,636	86,664,180	27,621,753	891,877,063
Buildings recorded under capital lease agreements	4,136,104			4,136,104
Total capital assets being depreciated	4,618,590,870	362,826,892	61,684,495	4,919,733,267

Less accumulated depreciation for:				
Infrastructure & Land Improvements	98,459,203	9,108,211	4,300	107,563,114
Buildings & Improvements	1,270,199,460	101,020,962	17,245,212	1,353,975,210
Contents	561,961,770	63,946,607	25,658,648	600,249,729
Buildings recorded under capital lease agreements	2,206,000	137,875		2,343,875
Total accumulated depreciation	1,932,826,433	174,213,655	42,908,160	2,064,131,928
Total capital assets being depreciated, net	2,685,764,437	188,613,237	18,776,335	2,855,601,339

Capital assets not being depreciated:				
Land	103,721,020	9,435,700		113,156,720
Contents	11,716,481	1,008,521	1,069	12,723,933
Construction in progress	302,207,992	184,818,516	220,143,626	266,882,882
Total capital assets not being depreciated	417,645,493	195,262,737	220,144,695	392,763,535
Capital assets, net	\$3,103,409,930	\$383,875,974	\$238,921,030	\$3,248,364,874

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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

Accounts receivable as of June 30, 2008 and 2007 were comprised of:

	2008	2007
Tuition and fees	\$ 85,352,830	\$ 84,460,421
Contracts and grants	198,732,483	196,919,375
Other	33,833,099	15,493,585
	<hr/>	<hr/>
Subtotal	317,918,412	296,873,381
Allowance for doubtful accounts	(14,427,300)	(17,902,192)
	<hr/>	<hr/>
Accounts receivable, net	<u>\$303,491,112</u>	<u>\$278,971,189</u>

Notes receivable as of June 30, 2008 and 2007 were comprised of:

	2008	2007
Student loans	\$77,315,902	\$75,513,258
Business development loans	6,073,497	5,943,912
	<hr/>	<hr/>
Subtotal	83,389,399	81,457,170
Allowance for doubtful notes	(12,445,758)	(10,099,496)
	<hr/>	<hr/>
Notes receivable, net	<u>\$70,943,641</u>	<u>\$71,357,674</u>

Accounts payable and accrued liabilities as of June 30, 2008 and 2007 were comprised of:

	2008	2007
Payroll and benefits	\$ 75,624,363	\$ 59,971,731
Suppliers and contractors	99,187,890	77,049,468
Accrued interest payable	9,131,489	9,591,060
Other	13,837,041	14,440,770
	<hr/>	<hr/>
Accounts payable and accrued liabilities	<u>\$197,780,783</u>	<u>\$161,053,029</u>

Major component units

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

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

As of June 30, 2008 and 2007, contributions receivable are due as follows:

University System of Maryland Foundation, Inc.

Due	Discount rates	2008	2007
Within one year	not applicable	\$ 9,809,000	\$10,771,000
Two to five years	1.13% – 6.5%	14,740,000	10,794,000
More than five years	3.38% - 6.75%	623,000	1,103,000
Subtotal		25,172,000	22,668,000
Pledge discount		(1,532,000)	(1,119,000)
Net contributions receivable		\$23,640,000	\$21,549,000

University of Maryland, College Park Foundation, Inc.

Due		2008	2007
Within one year		\$24,883,762	\$35,882,924
Two to five years		50,707,368	38,985,541
More than five years		7,126,974	10,625,544
Subtotal		82,718,104	85,494,009
Allowance for doubtful accounts		(2,928,995)	(2,917,491)
Pledge discount		(4,990,665)	(5,633,698)
Net contributions receivable		\$74,798,444	\$76,942,820

University of Maryland, Baltimore Foundation, Inc.

Due	Discount rates	2008	2007
Within one year	not applicable	\$ 7,732,701	\$ 6,965,887
Two to five years	2.77%	15,272,121	9,285,921
More than five years	3.49%	4,380,138	215,590
Subtotal		27,384,960	16,467,398
Allowance for doubtful accounts		(789,658)	(662,503)
Pledge discount		(2,601,428)	(1,018,091)
Net contributions receivable		\$23,993,874	\$14,786,804

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Revenue Bonds, net	\$896,388,914	\$868,958,016
Revolving Loan Program Bonds	50,000,000	65,000,000
Certificates of Participation	9,400,000	11,800,000
Other	9,854,048	4,595,410
	<u>\$965,642,962</u>	<u>\$950,353,426</u>
Revenue bonds and notes payable, net	<u>\$965,642,962</u>	<u>\$950,353,426</u>

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2008, 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%	2009-2010	\$ 11,980,000
1998 Series A	5.0%	2009-2011	23,185,000
1999 Series A	4.0% - 4.5%	2008-2019	61,790,000
1999 Refunding Series B	4.8%	2008	305,000
2000 Series A	5.0% - 5.2%	2008-2011	16,295,000
2001 Series A	4.1% - 4.7%	2009-2016	30,400,000
2001 Series B	3.5% - 4.6%	2009-2022	43,775,000
2002 Series A	3.5% - 5.2%	2009-2020	74,025,000
2003 Series A & B	3.2% - 5.0%	2009-2024	151,450,000
2004 Series A & B	4.0% - 6.0%	2009-2024	56,645,000
2005 Series A	2.5% - 5.0%	2009-2025	157,335,000
2006 Series A	4.0% - 5.0%	2008-2026	77,515,000
2007 Refunding Series A	4.0% - 5.0%	2009-2023	75,580,000
2008 Series A	4.0% - 5.0%	2009-2028	90,000,000
			<u>870,280,000</u>
Unamortized discounts, premiums and refunding adjustments			<u>26,108,914</u>
Revenue bonds, net			<u>\$896,388,914</u>

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

4. REVENUE BONDS AND NOTES PAYABLE (Continued)

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, 2008 and 2007, 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
2008 Series A	6/26/2008	90,000,000	2,322,885	-	-	-	-

As of June 30, 2008, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$240,775,000.

As of June 30, 2008 and 2007, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$120,641,804 and \$82,802,699, 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 2003 Series A Bonds were initially issued as auction rate reset securities, meaning interest is calculated on outstanding Revolving Loan Program Bonds using rate of interest determined through a weekly auction process. In April, 2008, the System purchased \$15,000,000 of the auction rate reset securities in response to failed auctions that were occurring for most issuers of auction rate reset securities as a result of the collapse of the credit insurance market. On June 26, 2008, the 2003 Series A Bonds in a principal amount of \$50,000,000 were converted from an auction rate mode to a Multiannual Rate which is determined annually as a result of an auction process. The Revolving Loan Program Bonds, 2003 Series A mature on July 1, 2023, and may be converted to an alternative rate at the option of the System.

As of June 30, 2008 and 2007, cash and cash equivalents in the amount of \$21,712,982 and \$36,433,335, respectively, was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

4. REVENUE BONDS AND NOTES PAYABLE (Continued)

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 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, a marine research vessel and other improvements designed to enhance energy efficiency savings. The System is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

Future principal and interest payments 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	
2009	\$68,690,000	\$39,338,063	\$2,460,061	\$3,696,770	\$114,184,894
2010	67,340,000	37,208,102	2,600,856	3,573,175	110,722,133
2011	64,975,000	34,286,565	2,743,699	3,442,631	105,447,895
2012	61,970,000	31,357,714	2,874,811	3,304,134	99,506,659
2013	55,815,000	28,789,329	3,008,188	3,157,868	90,770,385
2014 – 2018	266,075,000	105,258,514	5,566,433	14,286,163	391,186,110
2019 – 2023	212,210,000	43,301,605	50,000,000	7,398,417	312,910,022
2024 – 2028	73,205,000	7,714,747			80,919,747
Total	\$870,280,000	\$327,254,639	\$69,254,048	\$38,859,158	\$1,305,647,845

5. LEASES

Obligations under capital leases agreements

The System leases a facility for the use of the University of Maryland Biotechnology Institute 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%.

UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007

5. LEASES (Continued)

Obligations under capital leases agreements (Continued)

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

<u>Year ending June 30,</u>	<u>Total</u>
2009	\$ 511,986
2010	511,986
2011	511,986
2012	511,986
2013	511,986
2014 – 2018	2,559,930
2019 – 2023	<u>1,279,964</u>
Total future lease payments	6,399,824
Less: Interest component	<u>(2,119,708)</u>
Obligations under capital lease agreements	<u><u>\$4,280,116</u></u>

Operating leases

The System and its constituent units lease facilities and equipment under agreements reported as operating leases. Many of the leases provide for an optional extension of the terms of the agreements and increases in payment amounts based on changes in indices such as the Consumer Price Index.

Future minimum payments on operating leases 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>
2009	\$13,825,571
2010	11,327,906
2011	9,448,804
2012	7,901,346
2013	6,937,479
2014-2018	24,999,887
2019-2023	12,940,646
2024-2028	<u>1,917,574</u>
Total	<u><u>\$89,299,213</u></u>

Operating lease expenditures for the years ended June 30, 2008 and 2007 were \$16,196,174 and \$6,576,606, respectively.

5. LEASES (Continued)

Obligations under capital leases agreements (Continued)

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.

6. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (Plan). The Plan is a cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents. The State does not distinguish employees by employer/State agency. Instead, the State allocates the postemployment health care costs to all participating employers.

A separate actuarial valuation is not performed by the System. The System's only obligation to the Plan is its required annual contribution, which it has fully funded during the years ended June 30, 2008 and 2007. The amounts contributed for the years ended June 30, 2008 and 2007 were \$63,872 and \$37,750,304, respectively.

7. 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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

8. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2008 and 2007 were as follows:

	June 30, 2007			June 30, 2008	Due Within
	Balance	Additions	Reductions	Balance	One Year
Accrued vacation costs	\$ 144,411,645	\$ 92,851,292	\$ 80,095,869	\$ 157,167,068	\$ 78,385,354
Accrued workers' compensation	26,988,000	5,111,169	4,529,169	27,570,000	4,273,350
Revenue bonds and notes payable, net	950,353,426	92,322,885	77,033,349	965,642,962	71,150,061
Obligations under capital lease agreements	4,492,957	-	212,841	4,280,116	227,420
Total long-term liabilities	\$1,126,246,028	\$190,285,346	\$161,871,228	\$1,154,660,146	\$154,036,185

	June 30, 2006			June 30, 2007
	Balance	Additions	Reductions	Balance
Accrued vacation costs	\$ 137,434,352	\$ 78,586,210	\$ 71,608,917	\$ 144,411,645
Accrued workers' compensation	25,965,000	4,804,227	3,781,227	26,988,000
Revenue bonds and notes payable, net	930,134,118	160,504,964	140,285,656	950,353,426
Obligations under capital lease agreements	4,692,153	-	199,196	4,492,957
Total long-term liabilities	\$1,098,225,623	\$243,895,401	\$215,874,996	\$1,126,246,028

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

9. 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, 2008 and 2007 by grouping of object classification are:

	2008			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$ 817,612,799	\$ 106,706,712	\$ 27,048,060	\$ 951,367,571
Research	502,705,447	312,273,516	23,775,424	838,754,387
Public service	77,397,122	56,239,079	2,721,517	136,357,718
Academic support	213,152,553	80,052,057	25,035,841	318,240,451
Student services	100,764,780	51,132,833	3,071,466	154,969,079
Institutional support	258,252,019	50,921,956	17,168,262	326,342,237
Operation and maintenance of plant	98,434,745	140,641,163	33,051,137	272,127,045
Scholarships and fellowships	5,744,053	70,061,461	78,639	75,884,153
Auxiliary enterprises:				
Residential facilities	33,784,972	49,164,164	14,221,817	97,170,953
Dining facilities	28,561,835	55,161,147	3,697,873	87,420,855
Intercollegiate athletics	36,891,273	34,965,997	5,140,866	76,998,136
Bookstores	4,178,879	24,728,548	130,046	29,037,473
Parking facilities	8,420,727	13,582,666	3,556,115	25,559,508
Other auxiliary enterprises	38,797,711	29,042,877	20,569,595	88,410,183
Hospital	110,204,394	991,221	28,911	111,224,526
Total	<u>\$2,334,903,309</u>	<u>\$1,075,665,397</u>	<u>\$179,295,569</u>	<u>\$3,589,864,275</u>

	2007			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$ 774,963,193	\$ 87,869,075	\$ 27,744,834	\$ 890,577,102
Research	492,898,995	242,221,204	26,251,255	761,371,454
Public service	73,363,519	49,975,678	2,773,918	126,113,115
Academic support	192,928,104	74,681,924	19,727,908	287,337,936
Student services	95,393,959	44,981,804	3,065,652	143,441,415
Institutional support	250,510,008	48,167,384	18,658,734	317,336,126
Operation and maintenance of plant	93,353,266	135,738,064	32,197,236	261,288,566
Scholarships and fellowships	4,485,253	58,562,336	94,212	63,141,801
Auxiliary enterprises:				
Residential facilities	32,742,826	40,331,761	14,055,920	87,130,507
Dining facilities	27,256,346	49,670,947	3,639,158	80,566,451
Intercollegiate athletics	34,485,215	32,590,230	5,081,087	72,156,532
Bookstores	4,517,953	25,402,359	197,674	30,117,986
Parking facilities	7,887,068	12,106,565	3,392,244	23,385,877
Other auxiliary enterprises	37,675,522	21,452,113	17,324,185	76,451,820
Hospital	100,488,057		9,638	100,497,695
Total	<u>\$2,222,949,284</u>	<u>\$923,751,444</u>	<u>\$174,213,655</u>	<u>\$3,320,914,383</u>

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

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, 2008, 2007, and 2006 of \$53,366,248, \$40,168,172, and \$32,045,644, 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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

Optional Retirement Program (Continued)

The contributions for the year ended June 30, 2008 were \$122,576,897, which consisted of \$60,933,753 from the System and \$61,643,144 from employees. 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.

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, 2008 and 2007 was approximately \$183,019 and \$175,064, respectively.

10. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2008 is \$206,386,000, of which \$92,197,000 is to be funded from Revenue Bond proceeds, \$80,709,000 is to be derived from State appropriations and grants, and \$33,480,000 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, 2008 and 2007, the institution had entered into open contracts for the purchase of \$17,728,110 and \$22,378,205, respectively, of natural gas, to be delivered monthly through May 2010.

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.

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

12. RISK MANAGEMENT (Continued)

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, 2008 and 2007. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2008, 2007, or 2006.

As of June 30, 2008 and 2007, the System has recorded \$27,570,000 and \$26,988,000 in liabilities associated with workers' compensation, respectively.

13. SUBSEQUENT EVENTS

Advance Refunding of Revenue Bonds

On July 3, 2008, the System issued \$29,070,000 of 2008 Refunding Series B University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The 2008 Series B bonds consist of serial bonds maturing through the year ended June 30, 2016 with stated rates of interest from 3% to 4.5%, and were issued at an aggregate premium of \$621,088. The proceeds of the 2008 Series B bonds are to be used to advance refund \$12,800,000 of the 1998 Series A bonds and \$16,080,000 of the 1999 Series A bonds. The advance refunding will reduce future debt service by \$1,418,297 and result in an economic gain of \$1,018,772.

Decline in Value of Endowment Investments

For the three month period ended September 30, 2008, the marketable portion of the long-term investment portfolio managed by the University System of Maryland Foundation, Inc., which includes the System's Endowment investments, have experienced a decline in value of almost 11%. The System believes that the decline is temporary in nature as the majority of assets are held for the long-term.

SUPPLEMENTAL DATA

UNIVERSITY OF MARYLAND, BALTIMORE
BALANCE SHEETS
JUNE 30, 2008 AND 2007

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 137,424,347	\$ 1,031,248	\$ 112,044,847	\$ 824,677
Accounts receivable, net	101,527,016	8,575,449	95,404,599	6,852,932
Notes receivable, current portion	2,178,439		2,027,274	
Prepaid expenses, deferred charges and other assets		122,830		104,316
Inter-institutional balances	550,253		296,376	
Total current assets	241,680,055	9,729,527	209,773,096	7,781,925
Noncurrent assets:				
Restricted cash and cash equivalents	341,991		311,793	
Accounts receivable, net		16,799,233		8,181,402
Endowment investments	92,228,992	100,781,696	96,867,254	101,554,905
Other investments		53,391,695		53,272,870
Notes receivable, net	26,366,621		26,790,891	
Other assets		5,507,319		5,644,045
Capital assets, net	608,360,397	18,659	584,724,820	18,391
Total noncurrent assets	727,298,001	176,498,602	708,694,758	168,671,613
Total assets	\$ 968,978,056	\$ 186,228,129	# \$ 918,467,854	\$ 176,453,538
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 39,922,575	\$ 2,833,205	\$ 32,408,194	\$ 2,246,908
Accrued workers' compensation, current portion	989,675		956,350	
Accrued vacation costs, current portion	29,423,593		25,976,210	
Revenue bonds and notes payable, current portion	6,839,570		6,429,133	
Deferred revenue	28,748,901	12,656	25,218,022	4,695
Total current liabilities	105,924,314	2,845,861	90,987,909	2,251,603
Noncurrent liabilities:				
Accrued workers' compensation	5,395,325		5,213,650	
Accrued vacation costs	26,874,432		24,273,153	
Other payables		1,721,470		1,703,849
Revenue bonds and notes payable	118,515,302		101,357,393	
Total noncurrent liabilities	150,785,059	1,721,470	130,844,196	1,703,849
Total liabilities	256,709,373	4,567,331	221,832,105	3,955,452
NET ASSETS				
Unrestricted	126,066,553	21,757,494	111,500,665	22,467,024
Invested in capital assets, net	483,005,525		476,938,294	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,536,024	27,650,631	5,494,351	26,399,460
Research	144,440	1,157,607	144,440	355,504
Other	10,354,030	70,104,191	10,353,834	58,599,188
Expendable:				
Scholarships and fellowships	34,837,009	6,242,361	33,455,456	8,880,535
Research	4,455,868	8,865,092	6,182,083	6,103,019
Loans	27,509,584		29,273,666	
Capital projects	341,991		311,793	
Other	20,017,659	45,883,422	22,981,167	49,693,356
Total net assets	712,268,683	181,660,798	696,635,749	172,498,086
Total liabilities and net assets	\$ 968,978,056	\$ 186,228,129	# \$ 918,467,854	\$ 176,453,538

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 91,916,339		\$ 85,086,832	
Less: scholarship allowances	(20,142,523)	\$ 71,773,816	(18,004,421)	\$ 67,082,411
Federal grants and contracts		247,270,266		218,518,237
State and local grants and contracts		56,293,597		47,186,431
Nongovernmental grants and contracts		73,854,169		55,130,383
Sales and services of educational departments		172,205,866		149,179,377
Auxiliary enterprises:				
Residential facilities		703,165		668,226
Bookstores				180,000
Parking facilities		12,472,347		11,551,242
Other auxiliary enterprises revenues		7,377,959		6,228,465
Total operating revenues		641,951,185		555,724,772
OPERATING EXPENSES:				
Instruction		157,929,981		151,206,853
Research		352,420,555		296,607,322
Public service		5,456,762		1,275,610
Academic support		50,359,341		41,916,771
Student services		4,052,735		4,478,385
Institutional support		60,761,564		56,506,021
Operation and maintenance of plant		59,315,749		60,620,414
Scholarships and fellowships		2,395,100		750,833
Auxiliary enterprises:				
Residential facilities		897,970		731,388
Bookstores				56,651
Parking facilities		10,495,123		9,630,595
Other auxiliary enterprises expenses		7,808,516		8,185,674
Hospital		111,224,526		100,497,695
Total operating expenses		823,117,922		732,464,212
Operating income (loss)		(181,166,737)		(176,739,440)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		170,642,032		157,678,766
Gifts		19,964,479	\$ 36,579,154	14,424,207
Investment income	8,354,230		2,143,291	23,422,566
Less: Investment expense	(271,589)	8,082,641		(211,443)
Interest on indebtedness		(4,310,225)		23,211,123
Other revenues, (expenses), gains and (losses)		(1,510,282)		(4,587,891)
Other affiliated foundation revenue			734,808	11,650,486
Other affiliated foundation expense			(30,294,541)	
Transfers (to) from other University System of Maryland institutions		240,506		(3,150,041)
Total nonoperating revenue (expenses)		193,109,151	9,162,712	199,226,650
Income before other revenues (expenses)		11,942,414	9,162,712	22,487,210
OTHER REVENUES (EXPENSES):				
Capital appropriations		3,486,002		1,955,101
Capital gifts and grants		162,649		277,540
Additions to permanent endowments		41,869		48,389
Total other revenues (expenses)		3,690,520		2,281,030
Increase (decrease) in net assets		15,632,934	9,162,712	24,768,240
Net assets - beginning of year		696,635,749	172,498,086	671,867,509
Net assets - end of year		\$ 712,268,683	\$ 181,660,798	\$ 696,635,749

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 71,980,268	\$ 67,587,716
Research contracts and grants	374,376,286	301,239,063
Payments to employees	(549,757,347)	(509,284,671)
Payments to suppliers and contractors	(227,078,954)	(180,549,102)
Loans issued to students	(3,540,135)	(3,817,676)
Collections of loans to students	3,891,208	4,759,948
Auxiliary enterprises:		
Residential facilities	703,165	668,226
Bookstores		180,000
Parking facilities	12,390,715	11,551,242
Other	7,404,597	6,257,385
Other receipts (payments)	195,513,195	163,653,786
	<u>(114,117,002)</u>	<u>(137,754,083)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	170,642,032	157,678,766
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	41,869	48,389
	<u>170,683,901</u>	<u>157,727,155</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		13,366,038
Capital appropriations	3,486,002	1,955,101
Proceeds from sales of capital assets	139,588	25,000,000
Purchases of capital assets	(60,750,258)	(55,287,191)
Principal paid on debt and capital leases	(6,023,755)	(16,187,678)
Interest paid on debt and capital leases	(4,345,250)	(5,146,300)
Transfers (to) from other University System of Maryland institutions	23,615,569	2,460,089
	<u>(43,878,104)</u>	<u>(33,839,941)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	4,875,728	4,560,389
Interest on investments	8,158,733	6,645,600
Investment expense	(271,589)	(211,443)
Purchases of investments	(41,969)	(73,348)
	<u>12,720,903</u>	<u>10,921,198</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	25,409,698	(2,945,671)
Cash and cash equivalents - beginning of the year	<u>112,356,640</u>	<u>115,302,311</u>
Cash and cash equivalents - end of the year	<u>\$ 137,766,338</u>	<u>\$ 112,356,640</u>

UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEETS
JUNE 30, 2008 AND 2007

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 439,972,010	\$ 16,354,772	\$ 373,931,831	\$ 7,474,426
Accounts receivable, net	86,812,160	33,038,023	79,734,784	41,362,108
Notes receivable, current portion	1,565,751		3,258,739	
Inventories	2,327,209		2,079,684	
Prepaid expenses, deferred charges and other assets	1,390,311	164,094	1,195,141	721,430
Inter-institutional balances	340,547		1,309,558	
Total current assets	532,407,988	49,556,889	461,509,737	49,557,964
Noncurrent assets:				
Restricted cash and cash equivalents	987,647		2,118,996	
Accounts receivable, net		53,729,463		45,717,441
Endowment investments	122,325,590	332,300,370	127,957,985	316,182,095
Other investments		80,056,692		88,306,292
Notes receivable, net	10,162,180		8,646,824	
Other assets		28,472		156,903
Capital assets, net	1,193,290,150	3,056,990	1,169,299,762	1,482,308
Total noncurrent assets	1,326,765,567	469,171,987	1,308,023,567	451,845,039
Total assets	\$ 1,859,173,555	\$ 518,728,876	\$ 1,769,533,304	\$ 501,403,003
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 60,474,879	\$ 5,454,577	\$ 50,070,159	\$ 8,120,096
Accrued workers' compensation, current portion	1,768,860		1,714,610	
Accrued vacation costs, current portion	23,316,381		21,182,164	
Revenue bonds and notes payable, current portion	26,650,979		26,705,641	
Deferred revenue	62,591,561	2,967,811	58,429,141	1,164,142
Total current liabilities	174,802,660	8,422,388	158,101,715	9,284,238
Noncurrent liabilities:				
Accrued workers' compensation	9,643,140		9,347,390	
Accrued vacation costs	29,876,385		26,451,392	
Other payables		2,985,877		3,155,843
Revenue bonds and notes payable	293,375,479		320,966,216	
Noncurrent liabilities	332,895,004	2,985,877	356,764,998	3,155,843
Total liabilities	507,697,664	11,408,265	514,866,713	12,440,081
NET ASSETS				
Unrestricted	350,949,157	49,405,161	299,746,043	49,981,575
Invested in capital assets, net	873,263,692		821,627,905	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,004,089	97,926,542	4,709,621	84,334,508
Research	3,498,987	1,665,146	3,498,987	1,395,919
Other	3,614,094	166,737,965	3,819,082	162,201,983
Expendable:				
Scholarships and fellowships	15,725,457	45,185,788	17,157,540	48,522,446
Research	75,996,434	10,318,327	78,025,162	10,342,990
Loans	11,483,508		12,021,221	
Capital projects	706,861		1,503,517	
Other	11,233,612	136,081,682	12,557,513	132,183,501
Total net assets	1,351,475,891	507,320,611	1,254,666,591	488,962,922
Total liabilities and net assets	\$ 1,859,173,555	\$ 518,728,876	\$ 1,769,533,304	\$ 501,403,003

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 383,365,409		\$ 350,058,269	
Less: scholarship allowances	<u>(51,295,594)</u>	\$ 332,069,815	<u>(45,543,775)</u>	\$ 304,514,494
Federal grants and contracts		266,293,141		253,367,040
State and local grants and contracts		52,534,528		41,978,516
Nongovernmental grants and contracts		59,858,016		49,657,191
Sales and services of educational departments		34,617,612		29,577,452
Auxiliary enterprises:				
Residential facilities	46,016,905		43,324,638	
Less: scholarship allowances	<u>(4,920,287)</u>	41,096,618	<u>(4,527,225)</u>	38,797,413
Dining facilities	43,168,517		39,712,103	
Less: scholarship allowances	<u>(2,468,209)</u>	40,700,308	<u>(2,401,426)</u>	37,310,677
Intercollegiate athletics		43,150,989		43,572,301
Parking facilities		13,495,031		13,628,302
Other auxiliary enterprises revenues		39,406,057		34,946,780
Other operating revenues		<u>37,261,722</u>		<u>28,675,265</u>
Total operating revenues		<u>960,483,837</u>		<u>876,025,431</u>
OPERATING EXPENSES:				
Instruction		370,135,341		343,002,948
Research		322,103,154		287,328,401
Public service		71,265,506		66,195,160
Academic support		125,038,129		114,691,838
Student services		42,815,898		35,934,800
Institutional support		78,140,591		68,111,071
Operation and maintenance of plant		102,136,037		94,105,731
Scholarships and fellowships		33,427,571		33,590,135
Auxiliary enterprises:				
Residential facilities		50,479,163		43,116,090
Dining facilities		42,295,233		38,977,702
Intercollegiate athletics		46,871,506		44,576,382
Parking facilities		9,914,053		9,505,739
Other auxiliary enterprises expenses		<u>38,683,714</u>		<u>33,968,664</u>
Total operating expenses		<u>1,333,305,896</u>		<u>1,213,104,661</u>
Operating income (loss)		<u>(372,822,059)</u>		<u>(337,079,230)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		396,173,691		370,688,761
Gifts		25,490,761	\$ 83,186,075	19,668,944
Investment income	25,545,556		1,544,430	\$ 68,386,574
Less: Investment expense	<u>(358,994)</u>	25,186,562	46,299,010	60,275,676
Interest on indebtedness		(14,643,733)	<u>(278,123)</u>	46,020,887
Other revenues, (expenses), gains and (losses)		5,830		(16,574,571)
Other affiliated foundation revenue				(89,565)
Other affiliated foundation expense			5,176,425	6,116,855
Transfers (to) from other University System of Maryland institutions		(71,549,241)		(66,015,530)
		<u>7,438,158</u>		<u>2,741,026</u>
Total nonoperating revenue (expenses)		<u>439,651,269</u>	<u>18,357,689</u>	<u>422,455,482</u>
Income before other revenues (expenses)		<u>66,829,210</u>	<u>18,357,689</u>	<u>85,376,252</u>
68,763,575				<u>68,763,575</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations		20,561,086		22,156,414
Capital gifts and grants		9,329,524		28,944,519
Additions to permanent endowments		<u>89,480</u>		<u>437,510</u>
Total other revenues (expenses)		<u>29,980,090</u>		<u>51,538,443</u>
Increase (decrease) in net assets		<u>96,809,300</u>	<u>18,357,689</u>	<u>136,914,695</u>
Net assets - beginning of year		<u>1,254,666,591</u>	<u>488,962,922</u>	<u>1,117,751,896</u>
Net assets - end of year		<u>\$ 1,351,475,891</u>	<u>\$ 507,320,611</u>	<u>\$ 1,254,666,591</u>
				<u>\$ 488,962,922</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 332,401,688	\$ 306,795,349
Research contracts and grants	375,103,214	344,162,938
Payments to employees	(864,379,467)	(823,651,645)
Payments to suppliers and contractors	(386,081,962)	(317,688,148)
Loans issued to students	(2,333,819)	(3,388,357)
Collections of loans to students	2,511,451	1,699,593
Auxiliary enterprises:		
Residential facilities	41,985,090	34,547,173
Dining facilities	40,700,308	37,310,677
Intercollegiate athletics	43,150,989	43,572,301
Parking facilities	13,495,031	13,628,302
Other	39,406,057	34,946,780
Other receipts (payments)	92,624,893	68,496,419
Net cash provided (used) by operating activities	(271,416,527)	(259,568,618)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	396,173,691	370,688,761
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	89,480	437,510
Net cash provided (used) by noncapital financing activities	396,263,171	371,126,271
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		29,629,389
Capital appropriations	20,561,086	22,156,414
Capital grants and gifts received	9,329,524	28,944,519
Proceeds from sales of capital assets	2,526,765	2,964,752
Purchases of capital assets	(89,110,402)	(96,907,830)
Principal paid on debt and capital leases	(26,885,477)	(55,919,313)
Interest paid on debt and capital leases	(15,093,129)	(17,767,289)
Transfers (to) from other University System of Maryland institutions	7,914,862	5,903,024
Net cash provided (used) by capital and related financing activities	(90,756,771)	(80,996,334)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	6,222,985	9,055,689
Interest on investments	25,294,446	24,271,539
Investment expense	(358,994)	(278,123)
Purchases of investments	(339,480)	(437,510)
Net cash provided (used) by investing activities	30,818,957	32,611,595
Net increase (decrease) in cash	64,908,830	63,172,914
Cash and cash equivalents - beginning of the year	376,050,827	312,877,913
Cash and cash equivalents - end of the year	\$ 440,959,657	\$ 376,050,827

**BOWIE STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 18,796,214	\$ 629,713	\$ 8,560,263	\$ 552,708
Accounts receivable, net	3,970,605	826,299	6,768,505	377,792
Notes receivable, current portion	125,931		188,042	
Prepaid expenses, deferred charges and other assets	8,353	15,969		18,588
Inter-institutional balances	26,578		(80,229)	
Total current assets	<u>22,927,681</u>	<u>1,471,981</u>	<u>15,436,581</u>	<u>949,088</u>
Noncurrent assets:				
Restricted cash and cash equivalents	463,691		1,188,799	
Other investments		4,951,749		5,073,395
Notes receivable, net	846,778		513,153	
Capital assets, net	86,338,035	12,465	87,695,576	4,362
Total noncurrent assets	<u>87,648,504</u>	<u>4,964,214</u>	<u>89,397,528</u>	<u>5,077,757</u>
Total assets	<u>\$ 110,576,185</u>	<u>\$ 6,436,195</u>	<u>\$ 104,834,109</u>	<u>\$ 6,026,845</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,666,819	\$ 499,521	\$ 5,329,506	\$ 186,907
Accrued workers' compensation, current portion	92,845		69,595	
Accrued vacation costs, current portion	887,301		787,766	
Revenue bonds and notes payable, current portion	900,067	9,000	893,053	25,000
Deferred revenue	3,191,746		3,134,498	
Total current liabilities	<u>10,738,778</u>	<u>508,521</u>	<u>10,214,418</u>	<u>211,907</u>
Noncurrent liabilities:				
Accrued workers' compensation	506,155		379,405	
Accrued vacation costs	1,098,670		1,181,649	
Other payables		9,203		
Revenue bonds and notes payable	5,201,329		7,350,527	
Total noncurrent liabilities	<u>6,806,154</u>	<u>9,203</u>	<u>8,911,581</u>	
Total liabilities	<u>17,544,932</u>	<u>517,724</u>	<u>19,125,999</u>	<u>211,907</u>
NET ASSETS				
Unrestricted	11,137,058	223,145	3,916,843	309,085
Invested in capital assets, net	80,236,639		79,451,996	
Restricted:				
Nonexpendable:				
Other		5,075,142		5,100,219
Expendable:				
Loans	1,193,865		1,150,472	
Capital projects	463,691		1,188,799	
Other		620,184		405,634
Total net assets	<u>93,031,253</u>	<u>5,918,471</u>	<u>85,708,110</u>	<u>5,814,938</u>
Total liabilities and net assets	<u>\$ 110,576,185</u>	<u>\$ 6,436,195</u>	<u>\$ 104,834,109</u>	<u>\$ 6,026,845</u>

BOWIE STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 29,419,078		\$ 29,702,653	
Less: scholarship allowances	<u>(7,378,222)</u>	\$ 22,040,856	<u>(6,711,131)</u>	\$ 22,991,522
Federal grants and contracts		11,422,099		11,000,358
State and local grants and contracts		1,046,435		1,848,855
Nongovernmental grants and contracts		321,687		197,045
Sales and services of educational departments		4,468		191,117
Auxiliary enterprises:				
Residential facilities	3,714,645		3,788,677	
Less: scholarship allowances	<u>(196,740)</u>	3,517,905	<u>(144,735)</u>	3,643,942
Dining facilities	2,498,387		2,307,767	
Less: scholarship allowances	<u>(275,945)</u>	2,222,442	<u>(238,135)</u>	2,069,632
Intercollegiate athletics	2,687,926		2,494,052	
Less: scholarship allowances	<u>(267,527)</u>	2,420,399	<u>(221,726)</u>	2,272,326
Parking facilities		251,174		210,629
Other auxiliary enterprises revenues		3,313,416		2,684,593
Other operating revenues				29,191
Total operating revenues		<u>46,560,881</u>		<u>47,139,210</u>
OPERATING EXPENSES:				
Instruction		28,842,339		26,436,862
Research		1,473,561		2,180,437
Public service		235,591		357,333
Academic support		7,097,482		6,654,903
Student services		4,514,032		4,560,545
Institutional support		14,721,596		15,101,744
Operation and maintenance of plant		6,892,641		6,281,568
Scholarships and fellowships		1,199,664		372,852
Auxiliary enterprises:				
Residential facilities		3,516,252		2,663,119
Dining facilities		2,464,811		2,433,443
Intercollegiate athletics		2,830,036		2,786,151
Other auxiliary enterprises expenses		<u>2,068,659</u>		<u>1,393,948</u>
Total operating expenses		<u>75,856,664</u>		<u>71,222,905</u>
Operating income (loss)		<u>(29,295,783)</u>		<u>(24,083,695)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		33,232,339		31,110,537
Gifts			\$ 1,593,937	\$ 831,223
Investment income		968,036	39,050	161,364
Interest on indebtedness		(351,832)		(455,300)
Other revenues, (expenses), gains and (losses)		1,122,126		45,687
Other affiliated foundation revenue			74,983	105,235
Other affiliated foundation expense			(1,604,437)	(787,826)
Transfers (to) from other University System of Maryland institutions		<u>(847,089)</u>		<u>(1,077,651)</u>
Total nonoperating revenue (expenses)		<u>34,123,580</u>	<u>103,533</u>	<u>29,784,637</u>
Income before other revenues (expenses)		<u>4,827,797</u>	<u>103,533</u>	<u>5,700,942</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations		<u>2,495,346</u>		<u>18,022,145</u>
Total other revenues (expenses)		<u>2,495,346</u>		<u>18,022,145</u>
Increase (decrease) in net assets		7,323,143	103,533	23,723,087
Net assets - beginning of year		85,708,110	5,814,938	61,985,023
Net assets - end of year		<u>\$ 93,031,253</u>	<u>\$ 5,918,471</u>	<u>\$ 85,708,110</u>

**BOWIE STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 24,606,478	\$ 21,910,788
Research contracts and grants	13,257,292	12,826,304
Payments to employees	(45,426,799)	(44,625,986)
Payments to suppliers and contractors	(24,442,321)	(20,191,292)
Loans issued to students	(270,309)	(293,397)
Collections of loans to students	116,569	172,474
Auxiliary enterprises:		
Residential facilities	3,517,905	5,396,064
Dining facilities	2,222,442	2,069,632
Intercollegiate athletics	2,420,399	2,272,326
Parking facilities	251,174	210,629
Other	3,056,985	2,748,416
Other receipts (payments)	427,189	(29,842)
	(20,262,996)	(17,533,884)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	33,232,339	31,110,537
	33,232,339	31,110,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		491,121
Capital appropriations	2,495,346	18,022,145
Purchases of capital assets	(3,469,109)	(19,541,197)
Principal paid on debt and capital leases	(839,612)	(962,676)
Interest paid on debt and capital leases	(362,268)	(491,043)
Transfers (to) from other University System of Maryland institutions	(2,250,893)	(4,785,075)
	(4,426,536)	(7,266,725)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	968,036	161,364
	968,036	161,364
Net cash provided (used) by investing activities	968,036	161,364
Net increase (decrease) in cash	9,510,843	6,471,292
Cash and cash equivalents - beginning of the year	9,749,062	3,277,770
Cash and cash equivalents - end of the year	\$ 19,259,905	\$ 9,749,062

**TOWSON UNIVERSITY
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 117,863,012	\$ 2,377,213	\$ 96,743,676	\$ 1,859,946
Accounts receivable, net	14,486,751	1,498,337	11,714,090	4,074,640
Notes receivable, current portion	3,378,820		3,362,879	
Inventories	2,436,500		2,689,028	
Prepaid expenses, deferred charges and other assets	2,871,951	194,243	2,134,430	
Inter-institutional balances	569,041		261,773	
Total current assets	141,606,075	4,069,793	116,905,876	5,934,586
Noncurrent assets:				
Restricted cash and cash equivalents	304,454		677,479	
Endowment investments	5,206,325		5,510,044	
Other investments		37,516,582		34,754,155
Notes receivable, net	11,233,383		10,299,948	
Other assets		1,200,000		
Capital assets, net	297,681,180	962,860	261,795,171	955,067
Total noncurrent assets	314,425,342	39,679,442	278,282,642	35,709,222
Total assets	\$ 456,031,417	\$ 43,749,235	\$ 395,188,518	\$ 41,643,808
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 21,381,799	\$ 434,962	\$ 17,492,560	\$ 122,377
Accrued workers' compensation, current portion	314,030		321,160	
Accrued vacation costs, current portion	4,784,229		3,253,065	
Revenue bonds and notes payable, current portion	7,830,307		8,391,927	
Deferred revenue	8,225,201		6,315,974	
Total current liabilities	42,535,566	434,962	35,774,686	122,377
Noncurrent liabilities:				
Accrued workers' compensation	1,711,970		1,750,840	
Accrued vacation costs	3,491,563		4,775,938	
Other payables		1,000,000		
Revenue bonds and notes payable	88,520,220		80,414,656	
Total noncurrent liabilities	93,723,753	1,000,000	86,941,434	
Total liabilities	136,259,319	1,434,962	122,716,120	122,377
NET ASSETS				
Unrestricted	97,569,769	2,397,328	76,839,542	2,260,308
Invested in capital assets, net	201,330,653		172,988,588	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	238,038	14,873,713	238,038	11,706,292
Research		9,878		9,878
Other		13,094,738		12,909,045
Expendable:				
Scholarships and fellowships	33,599	3,107,158	47,766	4,574,201
Research	2,408,571	9,442	2,581,106	11,572
Loans	14,760,271		15,812,277	
Capital projects	257,175		630,464	
Other	3,174,022	8,822,016	3,334,617	10,050,135
Total net assets	319,772,098	42,314,273	272,472,398	41,521,431
Total liabilities and net assets	\$ 456,031,417	\$ 43,749,235	\$ 395,188,518	\$ 41,643,808

TOWSON UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 132,035,104		\$ 122,764,564	
Less: scholarship allowances	(24,800,380)	\$ 107,234,724	(21,808,145)	\$ 100,956,419
Federal grants and contracts		11,116,146		9,300,936
State and local grants and contracts		7,613,441		6,431,345
Nongovernmental grants and contracts		1,169,663		876,491
Sales and services of educational departments		3,615,025		4,031,991
Auxiliary enterprises:				
Residential facilities	16,168,588		14,869,608	
Less: scholarship allowances	(658,741)	15,509,847	(428,375)	14,441,233
Dining facilities	15,018,115		13,968,911	
Less: scholarship allowances	(260,211)	14,757,904	(251,836)	13,717,075
Intercollegiate athletics	14,734,530		12,158,334	
Less: scholarship allowances	(2,230,976)	12,503,554	(1,627,595)	10,530,739
Bookstores	11,613,346		11,240,435	
Less: scholarship allowances	(98,673)	11,514,673	(53,721)	11,186,714
Parking facilities	4,490,640		4,296,243	
Less: scholarship allowances		4,490,640	(85,662)	4,210,581
Other auxiliary enterprises revenues		21,912,247		20,518,627
Other operating revenues		265,225		35,627
Total operating revenues		211,703,089		196,237,778
OPERATING EXPENSES:				
Instruction		84,628,209		78,362,689
Research		3,172,524		1,804,111
Public service		15,030,797		14,930,459
Academic support		31,740,166		29,760,709
Student services		15,293,138		13,233,436
Institutional support		29,330,065		30,232,996
Operation and maintenance of plant		22,204,514		21,188,697
Scholarships and fellowships		8,437,097		5,947,431
Auxiliary enterprises:				
Residential facilities		12,217,261		10,520,993
Dining facilities		12,948,136		11,873,044
Intercollegiate athletics		11,666,720		10,608,672
Bookstores		10,647,596		10,126,850
Parking facilities		2,543,180		2,292,619
Other auxiliary enterprises expenses		16,457,490		12,801,950
Total operating expenses		276,316,893		253,684,656
Operating income (loss)		(64,613,804)		(57,446,878)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		82,207,599		76,170,647
Gifts		518,922	\$ 6,612,371	1,207,071
Investment income	6,850,100		(1,264,897)	\$ 5,508,432
Less: Investment expense	(13,005)	6,837,095	7,190,130	4,761,246
Interest on indebtedness		(4,161,322)	(10,104)	7,180,026
Other revenues, (expenses), gains and (losses)		7,516,736		(4,068,563)
Other affiliated foundation revenue			1,519,841	7,687,327
Other affiliated foundation expense			(6,074,473)	809,415
Transfers (to) from other University System of Maryland institutions		(4,452,024)		(4,298,688)
Total nonoperating revenue (expenses)		88,467,006	792,842	83,877,820
Income before other revenues (expenses)		23,853,202	792,842	26,430,942
OTHER REVENUES (EXPENSES):				
Capital appropriations		23,156,141		5,712,454
Capital gifts and grants		290,357		467,444
Total other revenues (expenses)		23,446,498		6,179,898
Increase (decrease) in net assets		47,299,700	792,842	32,610,840
Net assets - beginning of year		272,472,398	41,521,431	239,861,558
Net assets - end of year		\$ 319,772,098	\$ 42,314,273	\$ 272,472,398

**TOWSON UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 105,479,232	\$ 100,132,326
Research contracts and grants	21,002,889	16,565,290
Payments to employees	(167,614,396)	(157,417,823)
Payments to suppliers and contractors	(89,515,518)	(79,505,403)
Loans issued to students	(3,818,419)	(3,257,250)
Collections of loans to students	2,869,043	3,041,053
Auxiliary enterprises:		
Residential facilities	15,494,446	14,460,879
Dining facilities	14,728,431	13,709,748
Intercollegiate athletics	12,606,639	10,834,935
Bookstores	11,289,462	11,236,420
Parking facilities	4,468,480	4,220,511
Other	21,463,395	20,601,347
Other receipts (payments)	13,003,735	13,377,750
Net cash provided (used) by operating activities	(38,542,581)	(32,000,217)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	82,207,599	76,170,647
Net cash provided (used) by noncapital financing activities	82,207,599	76,170,647
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		17,623,139
Capital appropriations	23,156,141	5,712,454
Capital grants and gifts received	207,089	201,692
Purchases of capital assets	(52,168,576)	(24,004,722)
Principal paid on debt and capital leases	(10,129,043)	(22,284,731)
Interest paid on debt and capital leases	(4,005,047)	(4,628,899)
Transfers (to) from other University System of Maryland institutions	12,879,915	(2,493,545)
Net cash provided (used) by capital and related financing activities	(30,059,521)	(29,874,612)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	982,738	205,281
Interest on investments	6,920,070	6,297,022
Investment expense	(13,005)	(10,104)
Purchases of investments	(748,989)	
Net cash provided (used) by investing activities	7,140,814	6,492,199
Net increase (decrease) in cash	20,746,311	20,788,017
Cash and cash equivalents - beginning of the year	97,421,155	76,633,138
Cash and cash equivalents - end of the year	\$ 118,167,466	\$ 97,421,155

**UNIVERSITY OF MARYLAND EASTERN SHORE
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,209,611	\$ -	\$ 12,454,382	\$ 500
Accounts receivable, net	7,578,309	1,250,921	9,322,356	838,089
Notes receivable, current portion	1,177,715		698,298	
Prepaid expenses, deferred charges and other assets		11,026	73,754	
Inter-institutional balances	41,429		(18,099)	
Total current assets	23,007,064	1,261,947	22,530,691	838,589
Noncurrent assets:				
Restricted cash and cash equivalents	182,489		204,065	
Accounts receivable, net		1,113,400		328,859
Endowment investments	562,883	19,452,880	591,365	18,797,742
Other investments		387,112		412,032
Notes receivable, net	3,350,365		5,801,951	
Other assets		566		
Capital assets, net	174,200,953		179,122,141	281,918
Total noncurrent assets	178,296,690	20,953,958	185,719,522	19,820,551
Total assets	\$ 201,303,754	\$ 22,215,905	\$ 208,250,213	\$ 20,659,140
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,919,612	\$ 273,460	\$ 3,841,714	\$ 165,753
Accrued workers' compensation, current portion	121,985		97,185	
Accrued vacation costs, current portion	1,394,658		1,095,367	
Revenue bonds and notes payable, current portion	5,066,257		5,176,337	
Deferred revenue	547,975		393,979	
Total current liabilities	12,050,487	273,460	10,604,582	165,753
Noncurrent liabilities:				
Accrued workers' compensation	665,015		529,815	
Accrued vacation costs	2,481,430		2,207,329	
Revenue bonds and notes payable	55,284,363		59,690,960	
Total noncurrent liabilities	58,430,808		62,428,104	
Total liabilities	70,481,295	273,460	73,032,686	165,753
NET ASSETS				
Unrestricted	10,165,890	1,139,199	13,423,229	962,110
Invested in capital assets, net	113,850,333		114,254,844	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009	10,262,755	28,009	8,739,013
Research		183,647		101,548
Other		9,538,808		9,320,946
Expendable:				
Scholarships and fellowships	126,690	168,309	160,702	328,658
Research		134,413		249,415
Loans	6,469,048		7,146,678	
Capital projects	182,489		204,065	
Other		515,314		791,697
Total net assets	130,822,459	21,942,445	135,217,527	20,493,387
Total liabilities and net assets	\$ 201,303,754	\$ 22,215,905	\$ 208,250,213	\$ 20,659,140

UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 20,704,732		\$ 22,810,507	
Less: scholarship allowances	(8,685,102)	\$ 12,019,630	(8,879,167)	\$ 13,931,340
Federal grants and contracts		17,037,765		15,923,186
State and local grants and contracts		6,727,833		7,762,319
Nongovernmental grants and contracts		524,966		416,092
Sales and services of educational departments		288,892		289,066
Auxiliary enterprises:				
Residential facilities	7,979,704		7,844,089	
Less: scholarship allowances	(500,654)	7,479,050	(556,953)	7,287,136
Dining facilities	6,377,088		6,121,847	
Less: scholarship allowances	(696,450)	5,680,638	(614,521)	5,507,326
Intercollegiate athletics		2,108,138		1,762,038
Parking facilities		105,463		107,375
Other auxiliary enterprises revenues		5,744,122		5,405,572
Other operating revenues		297,385		319,245
Total operating revenues		58,013,882		58,710,695
OPERATING EXPENSES:				
Instruction		24,030,875		21,568,971
Research		12,206,508		11,608,038
Public service		349,039		377,048
Academic support		10,286,707		9,955,928
Student services		4,186,261		4,165,218
Institutional support		7,680,026		8,662,976
Operation and maintenance of plant		12,402,329		11,950,072
Scholarships and fellowships		193,177		359,133
Auxiliary enterprises:				
Residential facilities		6,844,442		5,145,818
Dining facilities		5,519,421		4,803,704
Intercollegiate athletics		2,307,932		2,147,052
Other auxiliary enterprises expenses		5,958,264		4,085,224
Total operating expenses		91,964,981		84,829,182
Operating income (loss)		(33,951,099)		(26,118,487)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		30,876,507		28,616,142
Gifts			\$ 2,015,599	\$ 1,067,432
Investment income	841,663		214,314	3,250,375
Less: Investment expense	(1,660)	840,003	975,967	
Interest on indebtedness		(2,754,281)	(1,279)	974,688
Other revenues, (expenses), gains and (losses)		(1,305,971)		(2,924,772)
Other affiliated foundation revenue				222,828
Other affiliated foundation expense			4,676	68,100
Other affiliated foundation expense			(785,531)	(806,330)
Transfers (to) from other University System of Maryland institutions		1,624,774		1,822,559
Total nonoperating revenue (expenses)		29,281,032	1,449,058	3,579,577
Income before other revenues (expenses)		(4,670,067)	1,449,058	2,592,958
OTHER REVENUES (EXPENSES):				
Capital appropriations		274,999		817,885
Total other revenues (expenses)		274,999		817,885
Increase (decrease) in net assets		(4,395,068)	1,449,058	3,410,843
Net assets - beginning of year		135,217,527	20,493,387	131,806,684
Net assets - end of year		\$ 130,822,459	\$ 21,942,445	\$ 135,217,527
			\$ 20,493,387	

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 10,675,490	\$ 12,989,190
Research contracts and grants	25,213,969	22,479,947
Payments to employees	(54,838,702)	(52,902,065)
Payments to suppliers and contractors	(27,729,642)	(24,665,601)
Loans issued to students	(833,090)	(1,469,125)
Collections of loans to students	2,805,259	825,332
Auxiliary enterprises:		
Residential facilities	10,127,676	7,153,842
Dining facilities	5,680,638	5,507,326
Intercollegiate athletics	2,108,138	1,762,038
Parking facilities	105,463	107,375
Other	5,414,273	6,243,276
Other receipts (payments)	(1,010,443)	1,460,271
Net cash provided (used) by operating activities	<u>(22,280,971)</u>	<u>(20,508,194)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	<u>30,876,507</u>	<u>28,616,142</u>
Net cash provided (used) by noncapital financing activities	<u>30,876,507</u>	<u>28,616,142</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		5,922,169
Capital appropriations	274,999	817,885
Purchases of capital assets	(2,318,923)	(8,784,344)
Principal paid on debt and capital leases	(4,148,704)	(9,555,352)
Interest paid on debt and capital leases	(2,789,667)	(3,111,437)
Transfers (to) from other University System of Maryland institutions	<u>1,256,594</u>	<u>6,377,039</u>
Net cash provided (used) by capital and related financing activities	<u>(7,725,701)</u>	<u>(8,334,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	29,655	22,558
Interest on investments	835,823	873,425
Investment expense	<u>(1,660)</u>	<u>(1,279)</u>
Net cash provided (used) by investing activities	<u>863,818</u>	<u>894,704</u>
Net increase (decrease) in cash	1,733,653	668,612
Cash and cash equivalents - beginning of the year	<u>12,658,447</u>	<u>11,989,835</u>
Cash and cash equivalents - end of the year	<u>\$ 14,392,100</u>	<u>\$ 12,658,447</u>

**FROSTBURG STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 19,488,845	\$ 378,745	\$ 15,822,840	\$ 173,305
Accounts receivable, net	1,326,276	1,350,020	1,389,915	458,876
Notes receivable, current portion	334,931		325,152	
Inventories	975,377		616,980	
Prepaid expenses, deferred charges and other assets	386,951	100,313	494,653	356,005
Inter-institutional balances	289,942		168,755	
Total current assets	22,802,322	1,829,078	18,818,295	988,186
Noncurrent assets:				
Restricted cash and cash equivalents	634,138		996,968	
Endowment investments	1,074,025		1,115,789	
Other investments		15,254,344		14,710,653
Notes receivable, net	814,243		846,285	
Capital assets, net	67,810,957		68,231,004	
Total noncurrent assets	70,333,363	15,254,344	71,190,046	14,710,653
Total assets	\$ 93,135,685	\$ 17,083,422	\$ 90,008,341	\$ 15,698,839
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,691,242	\$ 1,088,489	\$ 4,984,979	\$ 131,727
Accrued workers' compensation, current portion	79,825		109,120	
Accrued vacation costs, current portion	2,522,548		2,402,338	
Revenue bonds and notes payable, current portion	818,076		1,126,066	
Deferred revenue	1,125,619	144,672	1,251,010	50,406
Total current liabilities	10,237,310	1,233,161	9,873,513	182,133
Noncurrent liabilities:				
Accrued workers' compensation	435,175		594,880	
Revenue bonds and notes payable	12,296,952		14,425,592	
Total noncurrent liabilities	12,732,127		15,020,472	
Total liabilities	22,969,437	1,233,161	24,893,985	182,133
NET ASSETS				
Unrestricted	13,196,665	16,327	9,585,365	269,120
Invested in capital assets, net	54,695,929		52,679,346	
Restricted:				
Expendable:				
Scholarships and fellowships	2,452		2,901	
Research	481,209		604,014	
Loans	1,155,855		1,245,762	
Capital projects	634,138		996,968	
Other		15,833,934		15,247,586
Total net assets	70,166,248	15,850,261	65,114,356	15,516,706
Total liabilities and net assets	\$ 93,135,685	\$ 17,083,422	\$ 90,008,341	\$ 15,698,839

FROSTBURG STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 28,763,215		\$ 28,224,463	
Less: scholarship allowances	(4,079,103)	\$ 24,684,112	(3,614,781)	\$ 24,609,682
Federal grants and contracts		5,020,366		4,577,342
State and local grants and contracts		1,576,210		1,589,988
Nongovernmental grants and contracts		119,382		198,066
Sales and services of educational departments		1,128,355		944,722
Auxiliary enterprises:				
Residential facilities	5,273,503		5,217,765	
Less: scholarship allowances	(68,600)	5,204,903	(35,656)	5,182,109
Dining facilities	6,036,546		5,755,813	
Less: scholarship allowances	(8,569)	6,027,977	(2,548)	5,753,265
Intercollegiate athletics	2,257,251		2,070,257	
Less: scholarship allowances	(32,015)	2,225,236	(18,910)	2,051,347
Bookstores	2,915,657		3,052,706	
Less: scholarship allowances	(5,224)	2,910,433	(599)	3,052,107
Other auxiliary enterprises revenues	4,201,918		3,402,556	
Less: scholarship allowances	(29,104)	4,172,814	(18,518)	3,384,038
Other operating revenues		311,725		230,419
Total operating revenues		53,381,513		51,573,085
OPERATING EXPENSES:				
Instruction		27,662,102		26,980,797
Research		84,822		28,656
Public service		2,771,179		2,563,687
Academic support		7,836,831		7,803,309
Student services		4,371,193		4,064,349
Institutional support		10,487,739		8,512,636
Operation and maintenance of plant		9,517,747		6,515,699
Scholarships and fellowships		4,624,380		3,998,491
Auxiliary enterprises:				
Residential facilities		4,476,797		6,017,210
Dining facilities		3,969,050		5,088,936
Intercollegiate athletics		2,544,861		2,210,651
Bookstores		2,473,905		3,487,466
Other auxiliary enterprises expenses		1,861,271		2,264,843
Total operating expenses		82,681,877		79,536,730
Operating income (loss)		(29,300,364)		(27,963,645)
NONOPERATING REVENUES (EXPENSES):				
State appropriations		31,099,747		29,667,299
Gifts		684,289	\$ 1,758,348	495,476
Investment income	1,297,064		443,685	1,310,127
Less: Investment expense	(3,132)	1,293,932	(2,279)	1,307,848
Interest on indebtedness		(632,849)		(758,412)
Other revenues, (expenses), gains and (losses)		(154,516)		102,992
Other affiliated foundation revenue			416,443	585,724
Other affiliated foundation expense			(2,284,921)	(2,277,019)
Transfers (to) from other University System of Maryland institutions		1,537,444		2,649,898
Total nonoperating revenue (expenses)		33,828,047	333,555	33,465,101
Income before other revenues (expenses)		4,527,683	333,555	5,501,456
OTHER REVENUES (EXPENSES):				
Capital appropriations		411,047		20,767
Capital gifts and grants		113,162		82,114
Total other revenues (expenses)		524,209		102,881
Increase (decrease) in net assets		5,051,892	333,555	5,604,337
Net assets - beginning of year		65,114,356	15,516,706	59,510,019
Net assets - end of year		\$ 70,166,248	\$ 15,850,261	\$ 65,114,356

**FROSTBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 24,787,572	\$ 24,647,215
Research contracts and grants	6,552,102	6,364,211
Payments to employees	(52,590,568)	(51,181,313)
Payments to suppliers and contractors	(25,370,479)	(24,360,579)
Loans issued to students	(310,599)	(324,765)
Collections of loans to students	332,862	171,172
Auxiliary enterprises:		
Residential facilities	5,205,216	5,154,847
Dining facilities	6,053,033	5,730,497
Intercollegiate athletics	2,225,236	2,051,347
Bookstores	2,911,431	3,050,837
Other	4,178,103	3,357,691
Other receipts (payments)	1,818,182	1,560,528
	<u>(24,207,909)</u>	<u>(23,778,312)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	31,099,747	29,667,299
	<u>31,099,747</u>	<u>29,667,299</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		231,595
Capital appropriations	411,047	20,767
Purchases of capital assets	(3,667,825)	(1,556,052)
Principal paid on debt and capital leases	(1,621,073)	(2,356,608)
Interest paid on debt and capital leases	(641,205)	(798,449)
Transfers (to) from other University System of Maryland institutions	594,697	517,572
	<u>(4,924,359)</u>	<u>(3,941,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	43,783	1,050
Interest on investments	1,295,045	1,120,835
Investment expense	(3,132)	(2,279)
Purchases of investments		<u>(16,052)</u>
	<u>1,335,696</u>	<u>1,103,554</u>
Net cash provided (used) by investing activities		
	<u>1,335,696</u>	<u>1,103,554</u>
Net increase (decrease) in cash	3,303,175	3,051,366
Cash and cash equivalents - beginning of the year	16,819,808	13,768,442
Cash and cash equivalents - end of the year	<u>\$ 20,122,983</u>	<u>\$ 16,819,808</u>

**COPPIN STATE UNIVERSITY
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,885,751	\$ 956,178	\$ 3,598,394	\$ 1,063,212
Accounts receivable, net	8,744,376	356,886	6,240,366	209,018
Notes receivable, current portion	194,651		132,839	
Inventories	73,172		81,744	
Prepaid expenses, deferred charges and other assets		9,708		3,883
Inter-institutional balances	203,641		118,739	
Total current assets	<u>17,101,591</u>	<u>1,322,772</u>	<u>10,172,082</u>	<u>1,276,113</u>
Noncurrent assets:				
Restricted cash and cash equivalents	589,246		416,154	
Endowment investments	815,084		837,456	
Other investments		8,965,418		9,091,949
Notes receivable, net	1,147,767		783,293	
Other assets		178,964		
Capital assets, net	<u>153,734,628</u>	<u>11,611</u>	<u>96,293,988</u>	<u>38,210</u>
Total noncurrent assets	<u>156,286,725</u>	<u>9,155,993</u>	<u>98,330,891</u>	<u>9,130,159</u>
Total assets	<u>\$ 173,388,316</u>	<u>\$ 10,478,765</u>	<u>\$ 108,502,973</u>	<u>\$ 10,406,272</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 6,613,202	\$ 181,316	\$ 3,924,558	\$ 92,170
Accrued workers' compensation, current portion	153,140		91,450	
Accrued vacation costs, current portion	292,664		358,258	
Revenue bonds and notes payable, current portion	1,940,057		1,833,130	
Deferred revenue	<u>2,632,126</u>		<u>179,782</u>	
Total current liabilities	<u>11,631,189</u>	<u>181,316</u>	<u>6,387,178</u>	<u>92,170</u>
Noncurrent liabilities:				
Accrued workers' compensation	834,860		498,550	
Accrued vacation costs	1,849,096		1,709,013	
Other payables		142,399		68,592
Revenue bonds and notes payable	<u>18,246,435</u>		<u>19,938,266</u>	
Total noncurrent liabilities	<u>20,930,391</u>	<u>142,399</u>	<u>22,145,829</u>	<u>68,592</u>
Total liabilities	<u>32,561,580</u>	<u>323,715</u>	<u>28,533,007</u>	<u>160,762</u>
NET ASSETS				
Unrestricted	4,034,056	197,052	3,052,770	139,421
Invested in capital assets, net	133,548,136		74,522,592	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	353,474		353,474	
Other	240,125	9,060,939	240,125	9,083,449
Expendable:				
Scholarships and fellowships	69,101		99,083	
Loans	1,840,929		1,129,004	
Capital projects	589,246		416,154	
Other	<u>151,669</u>	<u>897,059</u>	<u>156,764</u>	<u>1,022,640</u>
Total net assets	<u>140,826,736</u>	<u>10,155,050</u>	<u>79,969,966</u>	<u>10,245,510</u>
Total liabilities and net assets	<u>\$ 173,388,316</u>	<u>\$ 10,478,765</u>	<u>\$ 108,502,973</u>	<u>\$ 10,406,272</u>

COPPIN STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 14,521,418		\$ 15,373,286	
Less: scholarship allowances	<u>(10,347,394)</u>	\$ 4,174,024	<u>(9,214,532)</u>	\$ 6,158,754
Federal grants and contracts		13,799,523		12,152,449
State and local grants and contracts		3,140,600		1,490,914
Nongovernmental grants and contracts		1,036,755		
Sales and services of educational departments		253,262		300,412
Auxiliary enterprises:				
Residential facilities	2,329,044		3,662,116	
Less: scholarship allowances		<u>2,329,044</u>	<u>(110,424)</u>	3,551,692
Dining facilities		1,427,480		
Intercollegiate athletics	2,526,665		2,040,081	
Less: scholarship allowances	<u>(1,111,020)</u>	1,415,645	<u>(1,142,316)</u>	897,765
Parking facilities		99,751		
Other auxiliary enterprises revenues		2,304,759		2,163,581
Other operating revenues		<u>8,316</u>		
Total operating revenues		<u>29,989,159</u>		<u>26,715,567</u>
OPERATING EXPENSES:				
Instruction		18,643,365		18,312,822
Research		137,241		204,061
Academic support		6,014,570		6,198,717
Student services		5,197,547		5,528,747
Institutional support		14,810,311		12,469,828
Operation and maintenance of plant		9,871,299		8,946,140
Scholarships and fellowships		298,978		133,154
Auxiliary enterprises:				
Residential facilities		1,993,243		2,141,208
Dining facilities		1,554,301		274,701
Intercollegiate athletics		2,409,242		2,372,071
Parking facilities		47,517		
Other auxiliary enterprises expenses		<u>1,154,646</u>		<u>708,320</u>
Total operating expenses		<u>62,132,260</u>		<u>57,289,769</u>
Operating income (loss)		<u>(32,143,101)</u>		<u>(30,574,202)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		31,813,469		30,427,867
Gifts			\$ 2,012,209	\$ 847,240
Investment income	507,549		90,617	1,656,151
Less: Investment expense	<u>(2,381)</u>	505,168	<u>(1,725)</u>	539,937
Interest on indebtedness		(958,973)		(1,060,746)
Other revenues, (expenses), gains and (losses)		(2,317)		(252,611)
Other affiliated foundation revenue			505,832	196,811
Other affiliated foundation expense			(2,699,118)	(1,387,040)
Transfers (to) from other University System of Maryland institutions		<u>209,897</u>		<u>(285,010)</u>
Total nonoperating revenues (expenses)		<u>31,567,244</u>	<u>(90,460)</u>	<u>29,369,437</u>
Income before other revenues (expenses)		<u>(575,857)</u>	<u>(90,460)</u>	<u>(1,204,765)</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations		61,432,627		32,547,752
Additions to permanent endowments				<u>46,142</u>
Total other revenues (expenses)		<u>61,432,627</u>		<u>32,593,894</u>
Increase (decrease) in net assets		60,856,770	(90,460)	31,389,129
Net assets - beginning of year		<u>79,969,966</u>	<u>10,245,510</u>	<u>48,580,837</u>
Net assets - end of year		<u>\$ 140,826,736</u>	<u>\$ 10,155,050</u>	<u>\$ 79,969,966</u>
				<u>\$ 10,245,510</u>

**COPPIN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 1,670,014	\$ 5,489,850
Research contracts and grants	20,429,222	13,643,364
Payments to employees	(39,818,365)	(38,923,892)
Payments to suppliers and contractors	(14,960,867)	(13,887,887)
Loans issued to students	(557,621)	(90,721)
Collections of loans to students	131,335	156,237
Auxiliary enterprises:		
Residential facilities	2,329,044	2,220,058
Dining facilities	1,427,480	1,230,493
Intercollegiate athletics	1,415,645	897,765
Parking	99,751	101,142
Other	2,304,759	2,163,581
Other receipts (payments)	259,261	47,801
Net cash provided (used) by operating activities	(25,270,342)	(26,952,209)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	31,813,469	30,427,867
Net cash provided (used) by noncapital financing activities	31,813,469	30,427,867
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		3,436,680
Capital appropriations	61,432,627	32,547,752
Purchases of capital assets	(61,623,963)	(33,039,252)
Principal paid on debt and capital leases	(1,638,246)	(4,663,465)
Interest paid on debt and capital leases	(963,970)	(1,143,059)
Transfers (to) from other University System of Maryland institutions	183,334	(486,624)
Net cash provided (used) by capital and related financing activities	(2,610,218)	(3,347,968)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	23,918	21,101
Interest on investments	506,003	465,419
Investment expense	(2,381)	(1,725)
Purchases of investments	(46,142)	(46,142)
Net cash provided (used) by investing activities	527,540	438,653
Net increase (decrease) in cash	4,460,449	566,343
Cash and cash equivalents - beginning of the year	4,014,548	3,448,205
Cash and cash equivalents - end of the year	\$ 8,474,997	\$ 4,014,548

**UNIVERSITY OF BALTIMORE
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,074,608	\$ 4,876,768	\$ 13,190,342	\$ 1,507,552
Accounts receivable, net	10,687,603	6,753,844	3,864,811	5,660,587
Notes receivable, current portion	543,738		554,725	
Prepaid expenses, deferred charges and other assets	494,551	1,390	493,944	
Inter-institutional balances	(3,654,660)		140,814	
Total current assets	19,145,840	11,632,002	18,244,636	7,168,139
Noncurrent assets:				
Restricted cash and cash equivalents	721,488		666,404	
Other investments		45,279,928		50,197,964
Notes receivable, net	2,647,623		2,122,378	
Capital assets, net	73,197,139	1,181,743	67,441,721	1,235,509
Total noncurrent assets	76,566,250	46,461,671	70,230,503	51,433,473
Total assets	\$ 95,712,090	\$ 58,093,673	\$ 88,475,139	\$ 58,601,612
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 7,003,025	\$ 525,487	\$ 3,911,761	\$ 425,699
Accrued workers' compensation, current portion	67,115		86,180	
Accrued vacation costs, current portion	1,993,351		1,746,063	
Revenue bonds and notes payable, current portion	1,603,134		1,822,704	
Deferred revenue	6,702,869	243,143	4,129,610	147,062
Total current liabilities	17,369,494	768,630	11,696,318	572,761
Noncurrent liabilities:				
Accrued workers' compensation	365,885		469,820	
Accrued vacation costs	370,708		570,181	
Revenue bonds and notes payable	24,658,589		26,693,456	
Total noncurrent liabilities	25,395,182		27,733,457	
Total liabilities	42,764,676	768,630	39,429,775	572,761
NET ASSETS				
Unrestricted	2,099,149	11,387,660	6,463,752	13,930,931
Invested in capital assets, net	46,935,416		38,925,561	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		15,195,778		15,679,004
Other		19,721,492		21,692,419
Expendable:				
Scholarships and fellowships		2,229,267		1,761,552
Loans	3,191,361		2,989,647	
Capital projects	721,488		666,404	
Other		8,790,846		4,964,945
Total net assets	52,947,414	57,325,043	49,045,364	58,028,851
Total liabilities and net assets	\$ 95,712,090	\$ 58,093,673	\$ 88,475,139	\$ 58,601,612

UNIVERSITY OF BALTIMORE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 53,096,235		\$ 44,435,212	
Less: scholarship allowances	<u>(6,998,360)</u>		<u>(4,538,580)</u>	
Federal grants and contracts	46,097,875		39,896,632	
State and local grants and contracts	3,012,052		2,230,415	
Nongovernmental grants and contracts	3,734,340		4,195,036	
Sales and services of educational departments	2,326,552		1,211,544	
Auxiliary enterprises:	58,277		637,832	
Parking facilities	397,426		2,044,345	
Other auxiliary enterprises revenues	6,222,447		3,455,480	
Other operating revenues	<u>434,569</u>		<u>186,298</u>	
Total operating revenues	<u>62,283,538</u>		<u>53,857,582</u>	
OPERATING EXPENSES:				
Instruction	31,368,280		28,028,356	
Research	6,338,123		4,933,546	
Academic support	10,682,220		11,018,535	
Student services	6,416,230		5,960,912	
Institutional support	18,692,660		16,089,563	
Operation and maintenance of plant	8,690,661		5,991,095	
Scholarships and fellowships	527,367		1,038,120	
Auxiliary enterprises:				
Parking facilities	1,437,295		954,380	
Other auxiliary enterprises expenses	<u>2,305,448</u>		<u>2,521,611</u>	
Total operating expenses	<u>86,458,284</u>		<u>76,536,118</u>	
Operating income (loss)	<u>(24,174,746)</u>		<u>(22,678,536)</u>	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	27,843,694		26,241,675	
Gifts		\$ 5,267,005		\$ 2,587,865
Investment income	302,336	(2,542,180)	981,829	8,422,700
Interest on indebtedness	(1,113,319)		(1,247,045)	
Other affiliated foundation revenue		567,987		532,326
Other affiliated foundation expense		(3,996,620)		(3,308,820)
Transfers (to) from other University System of Maryland institutions	<u>(2,491,237)</u>		<u>(2,797,345)</u>	
Total nonoperating revenues (expenses)	<u>24,541,474</u>	<u>(703,808)</u>	<u>23,179,114</u>	<u>8,234,071</u>
Income before other revenues (expenses)	<u>366,728</u>	<u>(703,808)</u>	<u>500,578</u>	<u>8,234,071</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations	<u>3,535,322</u>		<u>2,857,737</u>	
Total other revenues (expenses)	<u>3,535,322</u>		<u>2,857,737</u>	
Increase (decrease) in net assets	3,902,050	(703,808)	3,358,315	8,234,071
Net assets - beginning of year	<u>49,045,364</u>	<u>58,028,851</u>	<u>45,687,049</u>	<u>49,794,780</u>
Net assets - end of year	<u>\$ 52,947,414</u>	<u>\$ 57,325,043</u>	<u>\$ 49,045,364</u>	<u>\$ 58,028,851</u>

**UNIVERSITY OF BALTIMORE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 47,976,659	\$ 42,031,237
Research contracts and grants	7,695,446	7,715,855
Payments to employees	(62,588,547)	(56,824,093)
Payments to suppliers and contractors	(16,846,799)	(15,598,230)
Loans issued to students	(1,420,162)	(988,011)
Collections of loans to students	887,085	861,209
Auxiliary enterprises:		
Parking facilities	397,426	2,044,345
Other	6,218,409	3,455,480
Other receipts (payments)	(4,264,180)	618,314
Net cash provided (used) by operating activities	(21,944,663)	(16,683,894)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	27,843,694	26,241,675
Net cash provided (used) by noncapital financing activities	27,843,694	26,241,675
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		299,718
Capital appropriations	3,535,322	2,857,737
Purchases of capital assets	(9,715,890)	(5,062,863)
Principal paid on debt and capital leases	(1,682,870)	(1,797,755)
Interest paid on debt and capital leases	(1,172,649)	(1,121,486)
Transfers (to) from other University System of Maryland institutions	774,070	(2,565,548)
Net cash provided (used) by capital and related financing activities	(8,262,017)	(7,390,197)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	302,336	981,829
Net cash provided (used) by investing activities	302,336	981,829
Net increase (decrease) in cash	(2,060,650)	3,149,413
Cash and cash equivalents - beginning of the year	13,856,746	10,707,333
Cash and cash equivalents - end of the year	\$ 11,796,096	\$ 13,856,746

**SALISBURY UNIVERSITY
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 46,995,576	\$ 374,762	\$ 38,015,922	\$ 456,203
Accounts receivable, net	2,193,937	260,539	1,764,945	104,075
Notes receivable, current portion	150,674		229,941	
Inventories	1,016,707		877,646	
Prepaid expenses, deferred charges and other assets			113,689	
Inter-institutional balances	(345,650)		(762,695)	
Total current assets	50,011,244	635,301	40,239,448	560,278
Noncurrent assets:				
Restricted cash and cash equivalents	360,667		440,331	
Accounts receivable, net		253,716		137,328
Other investments		35,297,006		39,163,700
Notes receivable, net	1,149,077		1,047,198	
Other assets		5,147,157		5,898,186
Capital assets, net	182,737,887	4,914,803	148,351,746	6,964,591
Total noncurrent assets	184,247,631	45,612,682	149,839,275	52,163,805
Total assets	\$ 234,258,875	\$ 46,247,983	\$ 190,078,723	\$ 52,724,083
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 9,325,261	\$ 225,912	\$ 7,472,528	\$ 3,870,847
Accrued workers' compensation, current portion	155,465		122,295	
Accrued vacation costs, current portion	1,681,209		1,608,161	
Revenue bonds and notes payable, current portion	3,909,757	80,690	2,856,629	100,000
Deferred revenue	2,009,446	27,028	2,683,959	24,140
Total current liabilities	17,081,138	333,630	14,743,572	3,994,987
Noncurrent liabilities:				
Accrued workers' compensation	847,535		666,705	
Accrued vacation costs	1,348,819		1,246,066	
Other payables		3,557,191		4,065,867
Revenue bonds and notes payable	23,914,113	2,760,801	25,701,671	590,971
Total noncurrent liabilities	26,110,467	6,317,992	27,614,442	4,656,838
Total liabilities	43,191,605	6,651,622	42,358,014	8,651,825
NET ASSETS				
Unrestricted	34,518,744	2,498,207	26,192,701	2,989,636
Invested in capital assets, net	154,914,017		119,793,446	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		12,291,565		14,007,786
Research		773,358		799,097
Other		15,694,426		18,701,530
Expendable:				
Scholarships and fellowships		1,226,198		977,353
Research	18,305	23,519	754	15,504
Loans	1,255,537		1,293,477	
Capital projects	360,667		440,331	
Other		7,089,088		6,581,352
Total net assets	191,067,270	39,596,361	147,720,709	44,072,258
Total liabilities and net assets	\$ 234,258,875	\$ 46,247,983	\$ 190,078,723	\$ 52,724,083

SALISBURY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 47,728,728		\$ 44,364,482	
Less: scholarship allowances	<u>(6,158,864)</u>	\$ 41,569,864	<u>(5,476,096)</u>	\$ 38,888,386
Federal grants and contracts		3,924,170		3,492,980
State and local grants and contracts		3,086,704		2,245,284
Nongovernmental grants and contracts		656,920		760,436
Sales and services of educational departments		206,972		225,345
Auxiliary enterprises:				
Residential facilities	14,140,850		13,474,721	
Less: scholarship allowances	<u>(403,302)</u>	13,737,548	<u>(342,187)</u>	13,132,534
Dining facilities	10,876,769		10,075,027	
Less: scholarship allowances	<u>(20,088)</u>	10,856,681	<u>(29,520)</u>	10,045,507
Intercollegiate athletics	3,026,132		2,826,655	
Less: scholarship allowances	<u>(21,880)</u>	3,004,252	<u>(47,362)</u>	2,779,293
Bookstores		5,553,586		5,414,635
Parking facilities		622,637		608,350
Other auxiliary enterprises revenues	1,832,864		1,193,156	
Less: scholarship allowances	<u>(1,593)</u>	1,831,271	<u>(2,315)</u>	1,190,841
Other operating revenues				105,527
Total operating revenues		<u>85,050,605</u>		<u>78,889,118</u>
OPERATING EXPENSES:				
Instruction		37,852,905		34,562,766
Research		943,454		1,211,028
Public service		3,644,004		2,749,462
Academic support		8,064,599		7,636,226
Student services		5,032,194		4,406,913
Institutional support		11,841,679		12,069,326
Operation and maintenance of plant		11,594,678		11,576,248
Scholarships and fellowships		235,559		300,376
Auxiliary enterprises				
Residential facilities		8,149,887		8,094,432
Dining facilities		10,316,221		9,544,383
Intercollegiate athletics		2,683,676		2,284,616
Bookstores		4,710,930		4,745,819
Parking facilities		298,430		272,017
Other auxiliary enterprises expenses		<u>2,253,218</u>		<u>2,788,599</u>
Total operating expenses		<u>107,621,434</u>		<u>102,242,211</u>
Operating income (loss)		<u>(22,570,829)</u>		<u>(23,353,093)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		34,666,608		32,928,037
Gifts			\$ 2,763,672	\$ 4,198,209
Investment income		2,622,158	(3,411,424)	2,310,711
Interest on indebtedness		(1,286,341)		(1,360,282)
Other revenues, (expenses), gains and (losses)		(15,940)		(26,426)
Other affiliated foundation revenue			1,264,164	1,169,013
Other affiliated foundation expense			(5,092,309)	(3,974,899)
Transfers (to) from other University System of Maryland institutions		<u>(697,633)</u>		<u>(304,336)</u>
Total nonoperating revenues (expenses)		<u>35,288,852</u>	<u>(4,475,897)</u>	<u>33,547,704</u>
Income before other revenues (expenses)		<u>12,718,023</u>	<u>(4,475,897)</u>	<u>10,194,611</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations		30,439,809		24,326,204
Capital gifts and grants		<u>188,729</u>		<u>290,982</u>
Total other revenues (expenses)		<u>30,628,538</u>		<u>24,617,186</u>
Increase (decrease) in net assets		43,346,561	(4,475,897)	34,811,797
Net assets, beginning of year		<u>147,720,709</u>	<u>44,072,258</u>	<u>112,908,912</u>
Net assets, end of year		<u>\$ 191,067,270</u>	<u>\$ 39,596,361</u>	<u>\$ 147,720,709</u>

**SALISBURY UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 41,070,544	\$ 38,535,512
Research contracts and grants	7,171,634	6,506,338
Payments to employees	(72,231,693)	(67,379,292)
Payments to suppliers and contractors	(27,500,876)	(28,030,826)
Loans issued to students	(223,748)	(341,641)
Collections of loans to students	201,136	288,053
Auxiliary enterprises:		
Residential facilities	13,705,329	13,131,404
Dining facilities	10,768,982	10,105,127
Intercollegiate athletics	3,004,252	2,779,293
Bookstores	5,553,371	5,414,635
Parking facilities	622,637	608,350
Other	1,824,634	1,190,841
Other receipts (payments)	146,792	468,760
Net cash provided (used) by operating activities	(15,887,006)	(16,723,446)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	34,666,608	32,928,037
Net cash provided (used) by noncapital financing activities	34,666,608	32,928,037
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		522,299
Capital appropriations	30,439,809	24,326,204
Capital grants and gifts received	22,324	
Purchases of capital assets	(39,829,013)	(32,903,909)
Principal paid on debt and capital leases	(3,121,951)	(3,440,697)
Interest paid on debt and capital leases	(1,329,551)	(1,508,239)
Transfers (to) from other University System of Maryland institutions	1,316,612	(1,463,295)
Net cash provided (used) by capital and related financing activities	(12,501,770)	(14,467,637)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	2,622,158	2,310,711
Net cash provided (used) by investing activities	2,622,158	2,310,711
Net increase (decrease) in cash	8,899,990	4,047,665
Cash and cash equivalents - beginning of the year	38,456,253	34,408,588
Cash and cash equivalents - end of the year	\$ 47,356,243	\$ 38,456,253

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 138,756,811	\$ 4,030	\$ 108,266,241	\$ -
Accounts receivable, net	34,134,300	1,736,376	27,740,078	794,342
Notes receivable, current portion	421,166		495,373	
Inventories	2,340,316		1,867,785	
Prepaid expenses, deferred charges and other assets	2,096,161	4,900	1,333,813	
Inter-institutional balances	681,135		\$ 328,270	
Total current assets	178,429,889	1,745,306	140,031,560	794,342
Noncurrent assets:				
Restricted cash and cash equivalents	353,702		327,220	
Accounts receivable, net		2,740,317		1,391,266
Endowment investments	189,367	2,740,317	198,567	14,073,745
Other investments		15,322,970		3,805,273
Notes receivable, net	1,134,012		1,166,363	
Other assets		547,590		
Capital assets, net	84,644,299	3,251,506	83,465,480	3,259,586
Total noncurrent assets	86,321,380	24,602,700	85,157,630	22,529,870
Total assets	\$ 264,751,269	\$ 26,348,006	\$ 225,189,190	\$ 23,324,212
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 16,051,064	\$ 265,749	\$ 13,783,945	\$ 128,415
Accrued workers' compensation, current portion	195,765		244,745	
Accrued vacation costs, current portion	5,241,189		3,987,689	
Revenue bonds and notes payable, current portion	648,477		675,344	
Deferred revenue	24,795,755		23,549,594	
Total current liabilities	46,932,250	265,749	42,241,317	128,415
Noncurrent liabilities:				
Accrued workers' compensation	1,067,235		1,334,255	
Accrued vacation costs	3,699,747		4,390,164	
Revenue bonds and notes payable	18,306,218		19,167,074	
Total noncurrent liabilities	23,073,200		24,891,493	
Total liabilities	70,005,450	265,749	67,132,810	128,415
NET ASSETS				
Unrestricted	126,972,897	5,821,999	92,328,609	5,653,533
Invested in capital assets, net	65,689,604		63,623,062	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	23,580	6,422,624	23,080	6,339,738
Research		114,930		73,669
Other		5,969,565		6,761,903
Expendable:				
Scholarships and fellowships	104,274	1,595,188	122,839	1,047,792
Research	5,250	1,273,934	10,501	795,160
Loans	1,596,512		1,621,069	
Capital projects	353,702		327,220	
Other		4,884,017		2,524,002
Total net assets	194,745,819	26,082,257	158,056,380	23,195,797
Total liabilities and net assets	\$ 264,751,269	\$ 26,348,006	\$ 225,189,190	\$ 23,324,212

UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 217,310,528		\$ 190,910,316	
Less: scholarship allowances	<u>(8,368,341)</u>	\$ 208,942,187	<u>(7,218,160)</u>	\$ 183,692,156
Federal grants and contracts		8,326,973		7,649,699
State and local grants and contracts		1,388,148		1,635,643
Nongovernmental grants and contracts		432,958		394,195
Sales and services of educational departments		3,463,491		1,795,180
Auxiliary enterprises:				
Residential facilities		36,573		71,393
Bookstores		5,977,046		5,959,603
Parking facilities		403,954		1,081,408
Other auxiliary enterprises revenues		565		1,108
Other operating revenues		<u>21,834,265</u>		<u>21,461,747</u>
Total operating revenues		<u>250,806,160</u>		<u>223,742,132</u>
OPERATING EXPENSES:				
Instruction		75,368,776		78,882,954
Research		710,240		679,595
Public service		15,856,698		15,411,028
Academic support		35,897,478		29,082,305
Student services		51,878,006		49,556,233
Institutional support		36,499,598		44,781,242
Operation and maintenance of plant		11,730,976		10,949,970
Scholarships and fellowships		8,560,250		7,009,899
Auxiliary enterprises:				
Bookstores		5,331,045		5,304,804
Parking facilities		<u>823,910</u>		<u>730,527</u>
Total operating expenses		<u>242,656,977</u>		<u>242,388,557</u>
Operating income (loss)		<u>8,149,183</u>		<u>(18,646,425)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		24,645,684		20,069,456
Gifts			\$ 3,999,256	\$ 3,349,073
Investment income	5,164,551		171,010	1,206,628
Less: Investment expense	<u>(556)</u>	5,163,995	<u>(434)</u>	4,165,511
Interest on indebtedness		(911,899)		(963,679)
Other revenues, (expenses), gains and (losses)		(97,821)		(21,284)
Other affiliated foundation revenue			80	(54,557)
Other affiliated foundation expense			(1,283,886)	(644,281)
Transfers (to) from other University System of Maryland institutions		<u>(260,203)</u>		<u>(228,878)</u>
Total nonoperating revenues (expenses)		<u>28,539,756</u>	<u>2,886,460</u>	<u>23,021,126</u>
Income before other revenues (expenses)		<u>36,688,939</u>	<u>2,886,460</u>	<u>3,856,863</u>
OTHER REVENUES (EXPENSES):				
Additions to permanent endowments		<u>500</u>		
Total other revenues (expenses)		<u>500</u>		
Increase (decrease) in net assets		<u>36,689,439</u>	<u>2,886,460</u>	<u>4,374,701</u>
Net assets - beginning of period		<u>158,056,380</u>	<u>23,195,797</u>	<u>153,681,679</u>
Net assets - end of period		<u>\$ 194,745,819</u>	<u>\$ 26,082,257</u>	<u>\$ 158,056,380</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 206,158,432	\$ 197,882,893
Research contracts and grants	8,026,909	8,650,191
Payments to employees	(146,856,035)	(149,689,937)
Payments to suppliers and contractors	(86,990,295)	(83,149,596)
Loans issued to students	(113,314)	(534,825)
Collections of loans to students	219,872	290,941
Auxiliary enterprises:		
Residential facilities	36,573	71,393
Bookstores	5,977,046	5,959,603
Parking facilities	403,954	1,081,408
Other	565	1,108
Other receipts (payments)	24,752,001	18,919,483
Net cash provided (used) by operating activities	<u>11,615,708</u>	<u>(517,338)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	24,645,684	20,069,456
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	500	
Net cash provided (used) by noncapital financing activities	<u>24,646,184</u>	<u>20,069,456</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		3,339,236
Proceeds from sales of capital assets	107,250	45,624
Purchases of capital assets	(8,582,710)	(5,313,144)
Principal paid on debt and capital leases	(731,003)	(3,898,304)
Interest paid on debt and capital leases	(975,863)	(1,134,639)
Transfers (to) from other University System of Maryland institutions	(735,709)	(579,200)
Net cash provided (used) by capital and related financing activities	<u>(10,918,035)</u>	<u>(7,540,427)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	10,100	9,479
Interest on investments	5,164,151	4,131,696
Investment expense	(556)	(434)
Purchases of investments	(500)	
Net cash provided (used) by investing activities	<u>5,173,195</u>	<u>4,140,741</u>
Net increase (decrease) in cash	30,517,052	16,152,432
Cash and cash equivalents - beginning of the year	<u>108,593,461</u>	<u>92,441,029</u>
Cash and cash equivalents - end of the year	<u>\$ 139,110,513</u>	<u>\$ 108,593,461</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
BALANCE SHEETS
JUNE 30, 2008 AND 2007

	2008		June 30,		2007	
	Institution	Component Units	Institution	Component Units	Institution	Component Units
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 18,917,726	\$ 2,053,220	\$ 14,405,692		\$ 3,280,854	
Accounts receivable, net	21,637,883	4,503,887	23,913,001		5,735,916	
Notes receivable, current portion	203,795		208,433			
Inventories	1,015,124		614,571			
Prepaid expenses, deferred charges and other assets	1,059,726	39,865	1,112,151		3,175	
Inter-institutional balances	513,758		292,856			
Total current assets	43,348,012	6,596,972	40,546,704		9,019,945	
Noncurrent assets:						
Restricted cash and cash equivalents	1,455,187		1,671,269			
Accounts receivable, net		7,005,741			7,050,761	
Endowment investments	1,627,898	57,732,714	1,152,338		54,682,240	
Other investments		15,364,880			12,046,458	
Notes receivable, net	1,815,981		1,857,695			
Capital assets, net	264,919,904	2,936,658	261,435,472		2,951,664	
Total noncurrent assets	269,818,970	83,039,993	266,116,774		76,731,123	
Total assets	\$ 313,166,982	\$ 89,636,965	\$ 306,663,478		\$ 85,751,068	
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 11,823,258	\$ 1,270,243	\$ 10,182,023		\$ 922,726	
Accrued workers' compensation, current portion	256,990		286,130			
Accrued vacation costs, current portion	4,173,288		5,668,338			
Revenue bonds and notes payable, current portion	8,096,036	57,400	8,014,734		51,098	
Deferred revenue	12,801,302	5,800,913	5,760,501		5,402,445	
Total current liabilities	37,150,874	7,128,556	29,911,726		6,376,269	
Noncurrent liabilities:						
Accrued workers' compensation	1,401,010		1,559,870			
Accrued vacation costs	3,691,345		1,827,523			
Other payables		2,305,649			392,977	
Revenue bonds and notes payable	90,703,624	577,335	91,843,215		634,735	
Total noncurrent liabilities	95,795,979	2,882,984	95,230,608		1,027,712	
Total liabilities	132,946,853	10,011,540	125,142,334		7,403,981	
NET ASSETS						
Unrestricted	10,800,949	9,325,204	16,163,563		7,710,919	
Invested in capital assets, net	166,120,244		161,577,523			
Restricted:						
Nonexpendable:						
Scholarships and fellowships	20,753	30,861,472	20,785		26,308,210	
Research		552,252			305,705	
Other		28,684,467			28,060,080	
Expendable:						
Scholarships and fellowships	8,653	2,099,040	15,838		3,829,908	
Research		1,676,317			2,906,485	
Loans	1,814,343		2,072,166			
Capital projects	1,455,187		1,671,269			
Other		6,426,673			9,225,780	
Total net assets	180,220,129	79,625,425	181,521,144		78,347,087	
Total liabilities and net assets	\$ 313,166,982	\$ 89,636,965	\$ 306,663,478		\$ 85,751,068	

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Tuition and fees	\$ 87,223,328		\$ 89,400,998	
Less: scholarship allowances	<u>(13,996,475)</u>	\$ 73,226,853	<u>(18,823,420)</u>	\$ 70,577,578
Federal grants and contracts		60,569,746		65,583,327
State and local grants and contracts		17,907,430		23,628,132
Nongovernmental grants and contracts		10,370,761		5,811,328
Sales and services of educational departments		5,476,823		3,395,408
Auxiliary enterprises:				
Residential facilities	13,388,369		12,055,074	
Less: scholarship allowances	<u>(2,127,384)</u>	11,260,985	<u>(2,177,073)</u>	9,878,001
Dining facilities	8,867,214		8,326,928	
Less: scholarship allowances	<u>(1,249,109)</u>	7,618,105	<u>(1,385,755)</u>	6,941,173
Intercollegiate athletics		7,139,359		5,117,189
Bookstores	7,068,874		6,383,307	
Less: scholarship allowances	<u>(27,412)</u>	7,041,462	<u>(44,607)</u>	6,338,700
Parking facilities		1,301,515		1,978,082
Other auxiliary enterprises revenues		11,251,697		10,345,002
Other operating revenues		<u>781,170</u>		<u>2,952,696</u>
Total operating revenues		<u>213,945,906</u>		<u>212,546,616</u>
OPERATING EXPENSES:				
Instruction		94,905,398		83,231,084
Research		53,190,208		54,775,676
Public service		21,748,142		22,253,328
Academic support		18,344,035		17,653,215
Student services		11,211,845		11,551,877
Institutional support		30,210,314		29,891,907
Operation and maintenance of plant		17,613,251		22,898,368
Scholarships and fellowships		15,985,010		9,641,377
Auxiliary enterprises:				
Residential facilities		8,595,938		8,700,249
Dining facilities		8,353,682		7,570,538
Intercollegiate athletics		5,684,163		5,170,937
Bookstores		5,873,997		6,396,396
Other auxiliary enterprises expenses		<u>9,858,957</u>		<u>7,732,987</u>
Total operating expenses		<u>301,574,940</u>		<u>287,467,939</u>
Operating income (loss)		<u>(87,629,034)</u>		<u>(74,921,323)</u>
NONOPERATING REVENUES (EXPENSES):				
State appropriations		84,488,263		79,269,769
Gifts		3,189,130	\$ 6,737,722	1,046,147
Investment income	1,367,467		853,970	\$ 4,902,788
Less: Investment expense	<u>(3,233)</u>	1,364,234	1,757,631	10,883,416
Interest on indebtedness		<u>(3,899,682)</u>	<u>(2,424)</u>	1,755,207
Other revenues, (expenses), gains and (losses)		(6,972)		(4,241,626)
Other affiliated foundation revenue				(333,968)
Other affiliated foundation expense			1,783,817	906,102
Transfers (to) from other University System of Maryland institutions		<u>(1,302,623)</u>	(8,097,171)	(5,337,811)
Total nonoperating revenues (expenses)		<u>83,832,350</u>	<u>1,278,338</u>	<u>75,908,659</u>
Income before other revenues, (expense)		<u>(3,796,684)</u>	<u>1,278,338</u>	<u>987,336</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations		1,924,725		679,271
Capital gifts and grants		<u>570,944</u>		<u>669,790</u>
Total other revenues (expenses)		<u>2,495,669</u>		<u>1,349,061</u>
Increase (decrease) in net assets		<u>(1,301,015)</u>	<u>1,278,338</u>	<u>2,336,397</u>
Net assets - beginning of year		<u>181,521,144</u>	<u>78,347,087</u>	<u>179,184,747</u>
Net assets - end of year		<u>\$ 180,220,129</u>	<u>\$ 79,625,425</u>	<u>\$ 181,521,144</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 74,109,896	\$ 67,070,009
Research contracts and grants	101,392,502	97,296,522
Payments to employees	(189,825,980)	(183,492,881)
Payments to suppliers and contractors	(97,287,093)	(85,465,322)
Loans issued to students	(202,692)	(277,293)
Collections of loans to students	249,044	286,007
Auxiliary enterprises:		
Residential facilities	11,179,756	9,671,909
Dining facilities	7,601,031	6,796,355
Intercollegiate athletics	7,123,358	5,010,426
Bookstores	7,025,681	6,206,451
Parking facilities	1,298,598	1,936,812
Other	11,730,340	10,129,167
Other receipts (payments)	9,440,151	6,030,723
Net cash provided (used) by operating activities	(56,165,408)	(58,801,115)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	84,488,263	79,269,769
Net cash provided (used) by noncapital financing activities	84,488,263	79,269,769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt		11,282,299
Capital appropriations	1,924,725	679,271
Purchases of capital assets	(20,358,807)	(12,965,560)
Principal paid on debt and capital leases	(6,920,037)	(15,229,812)
Interest paid on debt and capital leases	(4,035,243)	(4,452,331)
Transfers (to) from other University System of Maryland institutions	4,473,785	(1,646,759)
Net cash provided (used) by capital and related financing activities	(24,915,577)	(22,332,892)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	12,954	26,612
Interest on investments	1,376,529	1,559,951
Investment expense	(809)	(2,424)
Purchases of investments	(500,000)	(11,740)
Net cash provided (used) by investing activities	888,674	1,572,399
Net increase (decrease) in cash	4,295,952	(291,839)
Cash and cash equivalents - beginning of the year	16,076,961	16,368,800
Cash and cash equivalents - end of the year	\$ 20,372,913	\$ 16,076,961

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,868,096	\$ -	\$ 4,620,487	\$ -
Accounts receivable, net	4,768,168	640,380	3,780,328	588,977
Prepaid expenses, deferred charges and other assets		2,746		
Inter-institutional balances	682		682	
Total current assets	9,636,946	643,126	8,401,497	588,977
Noncurrent assets:				
Restricted cash and cash equivalents			5,804	
Accounts receivable, net		3,805		
Endowment investments		1,272,738		58,308
Other investments		1,451,670		2,206,128
Capital assets, net	64,518,895		60,640,367	
Total noncurrent assets	64,518,895	2,728,213	60,646,171	2,264,436
Total assets	\$ 74,155,841	\$ 3,371,339	\$ 69,047,668	\$ 2,853,413
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,814,317	\$ 83,787	\$ 1,107,832	\$ 75,931
Accrued workers' compensation, current portion	65,565		66,960	
Accrued vacation costs, current portion	555,363		534,705	
Revenue bonds and notes payable, current portion	1,415,884		929,202	
Deferred revenue	236,282		623,149	
Total current liabilities	4,087,411	83,787	3,261,848	75,931
Noncurrent liabilities:				
Accrued workers' compensation	357,435		365,040	
Accrued vacation costs	2,027,720		1,952,299	
Revenue bonds and notes payable	10,894,624		6,147,245	
Total noncurrent liabilities	13,279,779		8,464,584	
Total liabilities	17,367,190	83,787	11,726,432	75,931
NET ASSETS				
Unrestricted	4,580,264	570,141	3,751,512	676,929
Invested in capital assets, net	52,208,387		53,563,920	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		363,627		349,800
Research		6,507		4,065
Other		337,977		373,093
Expendable:				
Scholarships and fellowships		413,408		329,576
Research		330,152		250,112
Capital projects			5,804	
Other		1,265,740		793,907
Total net assets	56,788,651	3,287,552	57,321,236	2,777,482
Total liabilities and net assets	\$ 74,155,841	\$ 3,371,339	\$ 69,047,668	\$ 2,853,413

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$ 12,440,693		\$ 12,869,414	
State and local grants and contracts	4,310,230		4,061,252	
Nongovernmental grants and contracts	935,307		739,677	
Sales and services of educational departments	2,400,879		2,252,917	
Total operating revenues	<u>20,087,109</u>		<u>19,923,260</u>	
OPERATING EXPENSES:				
Research	38,986,649		38,073,368	
Operation and maintenance of plant	157,163		264,564	
Total operating expenses	<u>39,143,812</u>		<u>38,337,932</u>	
Operating income (loss)	<u>(19,056,703)</u>		<u>(18,414,672)</u>	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	17,286,306		15,450,329	
Gifts		\$ 891,198		\$ 1,838,033
Investment income	309,688	4,717	367,294	41,185
Interest on indebtedness	(394,374)		(322,381)	
Other affiliated foundation revenue		5,104		7,322
Other affiliated foundation expense		(390,949)		(131,914)
Transfers (to) from other University System of Maryland institutions	1,083,248		1,154,557	
Total nonoperating revenues (expenses)	<u>18,284,868</u>	<u>510,070</u>	<u>16,649,799</u>	<u>1,754,626</u>
Income before other revenues, (expense)	<u>(771,835)</u>	<u>510,070</u>	<u>(1,764,873)</u>	<u>1,754,626</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations	233,130		3,334,745	
Capital gifts and grants	6,120			
Total other revenues (expenses)	<u>239,250</u>		<u>3,334,745</u>	
Increase (decrease) in net assets	<u>(532,585)</u>	<u>510,070</u>	<u>1,569,872</u>	<u>1,754,626</u>
Net assets - beginning of year	<u>57,321,236</u>	<u>2,777,482</u>	<u>55,751,364</u>	<u>1,022,856</u>
Net assets - end of year	<u>\$ 56,788,651</u>	<u>\$ 3,287,552</u>	<u>\$ 57,321,236</u>	<u>\$ 2,777,482</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$ 16,373,734	\$ 17,980,425
Payments to employees	(22,471,290)	(22,017,308)
Payments to suppliers and contractors	(13,057,577)	(13,272,231)
Other receipts (payments)	<u>2,400,879</u>	<u>2,252,917</u>
Net cash provided (used) by operating activities	<u>(16,754,254)</u>	<u>(15,056,197)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	<u>17,286,306</u>	<u>15,450,329</u>
Net cash provided (used) by noncapital financing activities	<u>17,286,306</u>	<u>15,450,329</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	6,000,000	
Capital appropriations	233,130	3,334,745
Capital grants and gifts received	6,120	
Proceeds from sales of capital assets		218,515
Purchases of capital assets	(6,756,468)	(3,985,694)
Principal paid on debt and capital leases	(990,344)	(687,897)
Interest paid on debt and capital leases	(410,224)	(344,278)
Transfers (to) from other University System of Maryland institutions	<u>1,317,851</u>	<u>1,197,040</u>
Net cash provided (used) by capital and related financing activities	<u>(599,935)</u>	<u>(267,569)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>309,688</u>	<u>367,294</u>
Net cash provided by investing activities	<u>309,688</u>	<u>367,294</u>
Net increase (decrease) in cash	241,805	493,857
Cash and cash equivalents - beginning of the year	<u>4,626,291</u>	<u>4,132,434</u>
Cash and cash equivalents - end of the year	<u>\$ 4,868,096</u>	<u>\$ 4,626,291</u>

UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
BALANCE SHEETS
JUNE 30, 2008 AND 2007

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 9,785,325	\$ -	\$ 10,329,928	\$ -
Accounts receivable, net	5,105,094	226,977	5,519,663	41,783
Prepaid expenses, deferred charges and other assets		29,000		
Total current assets	14,890,419	255,977	15,849,591	41,783
Noncurrent assets:				
Restricted cash and cash equivalents	5,988		48,947	
Endowment investments		1,249,214		966,624
Other investments		2,671,073		3,078,316
Notes receivable, net				
Capital assets, net	96,075,319		98,426,552	
Total noncurrent assets	96,081,307	3,920,287	98,475,499	4,044,940
Total assets	\$ 110,971,726	\$ 4,176,264	\$ 114,325,090	\$ 4,086,723
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,097,462	\$ 144,111	\$ 2,191,172	\$ 118,918
Accrued vacation costs, current portion	1,605,030		1,353,118	
Revenue bonds and notes payable, current portion	15,284		5,767	
Obligations under capital lease obligations, current portion	227,420		212,840	
Deferred revenue	2,413,238		1,395,443	
Total current liabilities	6,358,434	144,111	5,158,340	118,918
Noncurrent liabilities:				
Accrued vacation costs	1,050,314		2,556,336	
Revenue bonds and notes payable	475,198		1,221,490	
Obligations under capital lease agreements	4,052,696		4,280,117	
Total noncurrent liabilities	5,578,208		8,057,943	
Total liabilities	11,936,642	144,111	13,216,283	118,918
NET ASSETS				
Unrestricted	7,724,375	649,001	8,353,522	315,684
Invested in capital assets, net	91,304,721		92,706,338	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		168,029		389,228
Research		3,007		4,523
Other		156,176		415,147
Expendable:				
Scholarships and fellowships		628,751		682,193
Research		502,128		517,711
Capital projects	5,988		48,947	
Other		1,925,061		1,643,319
Total net assets	99,035,084	4,032,153	101,108,807	3,967,805
Total liabilities and net assets	\$ 110,971,726	\$ 4,176,264	\$ 114,325,090	\$ 4,086,723

UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007

	Year ended June 30,			
	2008		2007	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES:				
Federal grants and contracts	\$ 14,969,492		\$ 22,685,079	
State and local grants and contracts	4,142,126		10,076,560	
Nongovernmental grants and contracts	1,512,406		1,659,454	
Sales and services of educational departments	1,035,141		942,830	
Total operating revenues	<u>21,659,165</u>		<u>35,363,923</u>	
OPERATING EXPENSES:				
Research	46,987,348		61,937,215	
Total operating expenses	<u>46,987,348</u>		<u>61,937,215</u>	
Operating income (loss)	<u>(25,328,183)</u>		<u>(26,573,292)</u>	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	19,759,026		20,771,123	
Gifts		\$ 893,164		\$ 1,131,217
Investment income	711,913	13,950	523,905	108,063
Interest on indebtedness	(301,508)		(350,899)	
Other revenues, (expenses), gains and (losses)	698,398		828,315	
Other affiliated foundation revenue		37,099		116,568
Other affiliated foundation expense		(879,865)		(1,184,938)
Transfers (to) from other University System of Maryland institutions	850,603		3,273,003	
Total nonoperating revenues (expenses)	<u>21,718,432</u>	<u>64,348</u>	<u>25,045,447</u>	<u>170,910</u>
Income before other revenues (expenses)	<u>(3,609,751)</u>	<u>64,348</u>	<u>(1,527,845)</u>	<u>170,910</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations	1,536,028		2,958,612	
Total other revenues (expenses)	<u>1,536,028</u>		<u>2,958,612</u>	
Increase (decrease) in net assets	<u>(2,073,723)</u>	<u>64,348</u>	<u>1,430,767</u>	<u>170,910</u>
Net assets - beginning of year	<u>101,108,807</u>	<u>3,967,805</u>	<u>99,678,040</u>	<u>3,796,895</u>
Net assets - end of year	<u>\$ 99,035,084</u>	<u>\$ 4,032,153</u>	<u>\$ 101,108,807</u>	<u>\$ 3,967,805</u>

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$ 22,056,386	\$ 32,906,125
Payments to employees	(26,388,266)	(39,121,826)
Payments to suppliers and contractors	(16,286,455)	(17,870,036)
Other receipts (payments)	1,733,541	1,771,145
	<u>(18,884,794)</u>	<u>(22,314,592)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	19,759,026	20,771,123
	<u>19,759,026</u>	<u>20,771,123</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	1,536,028	2,958,612
Purchases of capital assets	(3,495,065)	(4,115,047)
Principal paid on debt and capital leases	(215,983)	(202,216)
Interest paid on debt and capital leases	(302,889)	(352,713)
Transfers (to) from other University System of Maryland institutions	304,202	2,974,165
	<u>(2,173,707)</u>	<u>1,395,072</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	711,913	523,905
	<u>711,913</u>	<u>523,905</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	(587,562)	375,508
Cash and cash equivalents - beginning of the year	<u>10,378,875</u>	<u>10,003,367</u>
Cash and cash equivalents - end of the year	<u>\$ 9,791,313</u>	<u>\$ 10,378,875</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
BALANCE SHEETS
JUNE 30, 2008 AND 2007**

	June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 57,255,027	\$ 462,136	\$ 51,066,282	\$ 445,171
Accounts receivable, net	518,634	1,363,182	1,813,748	189,371
Prepaid expenses, deferred charges and other assets		789,161		
Inter-institutional balances	783,304		(2,056,800)	
Total current assets	<u>58,556,965</u>	<u>2,614,479</u>	<u>50,823,230</u>	<u>634,542</u>
Noncurrent assets:				
Restricted cash and cash equivalents	63,021,112		111,762,200	
Accounts receivable, net		1,425,994		1,103
Endowment investments	11,580,272	19,595,825	12,104,789	25,593,866
Other investments		269,275,971		250,678,510
Restricted investments	73,584,640			
Other assets		944,882		288,898
Capital assets, net	87,399,354	2,700,322	81,441,074	4,398,241
Total noncurrent assets	<u>235,585,378</u>	<u>293,942,994</u>	<u>205,308,063</u>	<u>280,960,618</u>
Total assets	<u>\$ 294,142,343</u>	<u>\$ 296,557,473</u>	<u>\$ 256,131,293</u>	<u>\$ 281,595,160</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,996,268	\$ 561,433	\$ 4,352,098	\$ 453,960
Accrued workers' compensation, current portion	12,090		17,360	
Accrued vacation costs, current portion	514,550		547,369	
Revenue bonds and notes payable, current portion	5,416,176		2,650,943	
Total current liabilities	<u>10,939,084</u>	<u>561,433</u>	<u>7,567,770</u>	<u>453,960</u>
Noncurrent liabilities:				
Accrued workers' compensation	65,910		94,640	
Accrued vacation costs	921,485		769,991	
Endowments invested on behalf of Primary Government		235,460,620		245,362,000
Other payables		35,437,380		10,320,550
Revenue bonds and notes payable	134,100,455		107,925,055	
Total noncurrent liabilities	<u>135,087,850</u>	<u>270,898,000</u>	<u>108,789,686</u>	<u>255,682,550</u>
Total liabilities	<u>146,026,934</u>	<u>271,459,433</u>	<u>116,357,456</u>	<u>256,136,510</u>
NET ASSETS				
Unrestricted	63,904,165	10,928,670	55,492,681	13,258,643
Invested in capital assets, net	76,598,320		71,721,411	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,579	4,739,073	347,579	3,689,757
Research		84,803		42,875
Other	471,330	4,404,773	441,998	3,935,459
Expendable:				
Scholarships and fellowships	673,505	1,016,540	823,299	1,087,372
Research		811,820		825,197
Capital projects	4,214,818		8,540,522	
Other	1,905,692	3,112,361	2,406,347	2,619,347
Total net assets	<u>148,115,409</u>	<u>25,098,040</u>	<u>139,773,837</u>	<u>25,458,650</u>
Total liabilities and net assets	<u>\$ 294,142,343</u>	<u>\$ 296,557,473</u>	<u>\$ 256,131,293</u>	<u>\$ 281,595,160</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,			
	2008		2007	
	Institution	Component Units	Institution	Component Units
OPERATING REVENUES:				
Federal grants and contracts	\$ 2,816,902		\$ 4,544,702	
Nongovernmental grants and contracts			83,339	
Other operating revenues	<u>133,801</u>			
Total operating revenues	<u>2,950,703</u>		<u>4,628,041</u>	
OPERATING EXPENSES:				
Academic support	6,878,893		4,965,480	
Institutional support	<u>13,166,094</u>		<u>14,906,816</u>	
Total operating expenses	<u>20,044,987</u>		<u>19,872,296</u>	
Operating income (loss)	<u>(17,094,284)</u>		<u>(15,244,255)</u>	
NONOPERATING REVENUES (EXPENSES):				
State appropriations	19,332,764		14,446,869	
Gifts		\$ 1,469,510		\$ 130,637
Investment income	\$ 6,801,884	1,272,639	\$ 11,347,949	10,874,199
Less: Investment expense	<u>(33,851)</u>	6,768,033	<u>(25,865)</u>	11,322,084
Interest on indebtedness	(3,584,100)		(4,580,993)	
Other revenues, (expenses), gains and (losses)	(789,489)		(209,998)	
Other affiliated foundation revenue		1,800,496		1,413,381
Other affiliated foundation expense		(4,903,255)		(9,427,128)
Transfers (to) from other University System of Maryland institutions	<u>(2,933,821)</u>		<u>2,087,776</u>	
Total nonoperating revenues (expenses)	<u>18,793,387</u>	<u>(360,610)</u>	<u>23,065,738</u>	<u>2,991,089</u>
Income before other revenues (expenses)	<u>1,699,103</u>	<u>(360,610)</u>	<u>7,821,483</u>	<u>2,991,089</u>
OTHER REVENUES (EXPENSES):				
Capital appropriations	<u>6,642,469</u>		<u>32,481,881</u>	
Total other revenues (expenses)	<u>6,642,469</u>		<u>32,481,881</u>	
Increase (decrease) in net assets	8,341,572	(360,610)	40,303,364	2,991,089
Net assets - beginning of year	<u>139,773,837</u>	<u>25,458,650</u>	<u>99,470,473</u>	<u>22,467,561</u>
Net assets - end of year	<u>\$ 148,115,409</u>	<u>\$ 25,098,040</u>	<u>\$ 139,773,837</u>	<u>\$ 25,458,650</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	Year ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Research contracts and grants	\$ 3,907,682	\$ 4,126,719
Payments to employees	(11,459,595)	(11,115,461)
Payments to suppliers and contractors	(3,448,136)	(5,038,271)
Other receipts (payments)	(655,685)	(209,999)
	<u>(11,655,734)</u>	<u>(12,237,012)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	19,332,764	14,446,869
	<u>19,332,764</u>	<u>14,446,869</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds of capital debt	92,322,885	74,010,495
Capital appropriations	6,642,469	32,481,881
Capital grants and gifts received		
Purchases of capital assets	(9,759,864)	(38,639,556)
Principal paid on debt and capital leases	(17,457,992)	(245,169)
Interest paid on debt and capital leases	(4,248,928)	(4,033,193)
Transfers (to) from other University System of Maryland institutions	(51,644,889)	(5,408,883)
	<u>15,853,681</u>	<u>58,165,575</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	548,079	871,563
Interest on investments	6,987,358	8,541,142
Investment expense	(33,851)	(25,865)
Purchases of investments	(73,584,640)	
	<u>(66,083,054)</u>	<u>9,386,840</u>
Net cash provided (used) by investing activities		
	<u>(66,083,054)</u>	<u>9,386,840</u>
Net increase (decrease) in cash	(42,552,343)	69,762,272
Cash and cash equivalents - beginning of the year	162,828,482	93,066,210
Cash and cash equivalents - end of the year	<u>\$ 120,276,139</u>	<u>\$ 162,828,482</u>

UNIVERSITY SYSTEM OF MARYLAND
 COMBINING BALANCE SHEET, NONMAJOR COMPONENT UNIT
 JUNE 30, 2008

	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.
ASSETS							
Current assets							
Cash	\$ 796,021	\$ 86,969	\$ 4,095,714	\$ 609,735	\$ 2,377,213	\$ 378,745	\$ 956,178
Accounts receivable	468,325		244,518	811,565	1,498,337	1,350,020	356,886
Other assets	122,830	3,990	8,190	15,969	194,243	100,313	9,708
Total current assets	1,387,176	90,959	4,348,422	1,437,269	4,069,793	1,829,078	1,322,772
Investments							
Investments	5,035,660	2,794,783	1,951,022	4,951,749	37,516,582	15,254,344	8,965,418
Total investments	5,035,660	2,794,783	1,951,022	4,951,749	37,516,582	15,254,344	8,965,418
Other assets							
Accounts receivable							
Capital assets, net	18,659				962,860		11,611
Other assets		25,510			1,200,000		178,964
Total other assets	18,659	25,510			2,162,860		190,575
Total assets	\$ 6,441,495	\$ 2,911,252	\$ 6,299,444	\$ 6,389,018	\$ 43,749,235	\$ 17,083,422	\$ 10,478,765
LIABILITIES							
Current liabilities							
Accounts payable & accrued expenses	\$ 396,812	\$ 57,156	\$ 299,015	\$ 466,331	\$ 434,962	\$ 1,088,489	\$ 181,316
Long term debt, current							
Deferred income	12,656		111,776			144,672	
Total current liabilities	409,468	57,156	410,791	466,331	434,962	1,233,161	181,316
Other liabilities							
Other payables					1,000,000		142,399
Long term debt, noncurrent							
Total other liabilities	-	-	-	-	1,000,000	-	142,399
Total liabilities	409,468	57,156	410,791	466,331	1,434,962	1,233,161	323,715
NET ASSETS							
Unrestricted	802,520	2,854,096	5,692,003	227,361	2,397,328	16,327	197,052
Temporarily restricted							
Scholarships & fellowships					3,107,158		
Research					9,442		
Other	5,229,507		196,650	620,184	8,822,016	15,833,934	897,059
Permanently restricted							
Scholarships & fellowships					14,873,713		
Research					9,878		
Other				5,075,142	13,094,738		9,060,939
Total net assets	6,032,027	2,854,096	5,888,653	5,922,687	42,314,273	15,850,261	10,155,050
Total liabilities & net assets	\$ 6,441,495	\$ 2,911,252	\$ 6,299,444	\$ 6,389,018	\$ 43,749,235	\$ 17,083,422	\$ 10,478,765

UNIVERSITY SYSTEM OF MARYLAND
 COMBINING BALANCE SHEET, NONMAJOR COMPONENT UNIT
 JUNE 30, 2008

	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	Total Nonmajor Component Units
ASSETS							
Current assets							
Cash	\$ 4,876,768	\$ 374,762	\$ 254,742	\$ 2,494,496	\$ 19,978	\$ 2,053,220	\$ 19,374,541
Accounts receivable	6,753,844	260,539	8,422	1,240,181	14,734	315	13,007,686
Other assets	1,390		3,152	2,093		20,509	482,387
Total current assets	11,632,002	635,301	266,316	3,736,770	34,712	2,074,044	32,864,614
Investments							
Investments	45,279,928	35,297,006	2,218,585			6,664,538	165,929,615
Total investments	45,279,928	35,297,006	2,218,585			6,664,538	165,929,615
Other assets							
Accounts receivable		253,716					253,716
Capital assets, net	1,181,743	4,914,803	130,818		12,465	2,936,658	10,169,617
Other assets		5,147,157					6,551,631
Total other assets	1,181,743	10,315,676	130,818	-	12,465	2,936,658	16,974,964
Total assets	\$ 58,093,673	\$ 46,247,983	\$ 2,615,719	\$ 3,736,770	\$ 47,177	\$ 11,675,240	\$ 215,769,193
LIABILITIES							
Current liabilities							
Accounts payable & accrued expenses	\$ 525,487	\$ 225,912	\$ 165,668	\$ 1,698,343	\$ 33,190	\$ 3,027	\$ 5,575,708
Long term debt, current		80,690			9,000	57,400	147,090
Deferred income	243,143	27,028		804,354		5,800,913	7,144,542
Total current liabilities	768,630	333,630	165,668	2,502,697	42,190	5,861,340	12,867,340
Other liabilities							
Other payables		3,557,191			9,203	2,305,649	7,014,442
Long term debt, noncurrent		2,760,801				577,335	3,338,136
Total other liabilities	-	6,317,992	-	-	9,203	2,882,984	10,352,578
Total liabilities	768,630	6,651,622	165,668	2,502,697	51,393	8,744,324	23,219,918
NET ASSETS							
Unrestricted	11,387,660	2,498,207	545,510	1,234,073	(4,216)	2,930,916	30,778,837
Temporarily restricted							-
Scholarships & fellowships	2,229,267	1,226,198					6,562,623
Research		23,519					32,961
Other	8,790,846	7,089,088	259,285				47,738,569
Permanently restricted							-
Scholarships & fellowships	15,195,778	12,291,565					42,361,056
Research		773,358					783,236
Other	19,721,492	15,694,426	1,645,256				64,291,993
Total net assets	57,325,043	39,596,361	2,450,051	1,234,073	(4,216)	2,930,916	192,549,275
Total liabilities & net assets	\$ 58,093,673	\$ 46,247,983	\$ 2,615,719	\$ 3,736,770	\$ 47,177	\$ 11,675,240	\$ 215,769,193

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

	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.
ASSETS							
Current assets							
Cash	\$ 740,534	\$ 88,357	\$ 1,613,834	\$ 540,540	\$ 1,859,946	\$ 173,305	\$ 1,063,212
Accounts receivable	558,566		487,386	298,907	4,074,640	458,876	209,018
Other assets	104,316	13,262	6,413	18,588		356,005	3,883
Total current assets	1,403,416	101,619	2,107,633	858,035	5,934,586	988,186	1,276,113
Investments							
Investments	5,312,678	2,788,921	3,093,141	5,073,395	34,754,155	14,710,653	9,091,949
Total investments	5,312,678	2,788,921	3,093,141	5,073,395	34,754,155	14,710,653	9,091,949
Other assets							
Accounts receivable							
Capital assets, net	18,391				955,067		38,210
Other assets		26,503					
Total other assets	18,391	26,503			955,067		38,210
Total assets	\$ 6,734,485	\$ 2,917,043	\$ 5,200,774	\$ 5,931,430	\$ 41,643,808	\$ 15,698,839	\$ 10,406,272
LIABILITIES							
Current liabilities							
Accounts payable & accrued expenses	\$ 450,649	\$ 55,000	\$ 261,463	\$ 117,979	\$ 122,377	\$ 131,727	\$ 92,170
Long term debt, current							
Deferred income	4,695		9,500			50,406	
Total current liabilities	455,344	55,000	270,963	117,979	122,377	182,133	92,170
Other liabilities							
Other payables		50,000					68,592
Long term debt, noncurrent							
Total other liabilities		50,000					68,592
Total liabilities	455,344	105,000	270,963	117,979	122,377	182,133	160,762
NET ASSETS							
Unrestricted	836,485	2,812,043	4,733,161	307,598	2,260,308	269,120	139,421
Temporarily restricted							
Scholarships & fellowships					4,574,201		
Research					11,572		
Other	5,442,656		196,650	405,634	10,050,135	15,247,586	1,022,640
Permanently restricted							
Scholarships & fellowships					11,706,292		
Research					9,878		
Other				5,100,219	12,909,045		9,083,449
Total net assets	6,279,141	2,812,043	4,929,811	5,813,451	41,521,431	15,516,706	10,245,510
Total liabilities & net assets	\$ 6,734,485	\$ 2,917,043	\$ 5,200,774	\$ 5,931,430	\$ 41,643,808	\$ 15,698,839	\$ 10,406,272

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

	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	Total Nonmajor Component Units
ASSETS							
Current assets							
Cash	\$ 1,507,552	\$ 456,203	\$ 253,810	\$ 1,644,441	\$ 12,168	\$ 3,280,334	\$ 13,234,236
Accounts receivable	5,660,587	104,075	3,268	1,062,166	78,885	1,263	12,997,637
Other assets			4,832	59,281		3,175	569,755
Total current assets	7,168,139	560,278	261,910	2,765,888	91,053	3,284,772	26,801,628
Investments							
Investments	50,197,964	39,163,700	2,175,752			2,761,133	169,123,441
Total investments	50,197,964	39,163,700	2,175,752			2,761,133	169,123,441
Other assets							
Accounts receivable		137,328					137,328
Capital assets, net	1,235,509	6,964,591	143,850	517	4,362	2,950,350	12,310,847
Other assets		5,898,186					5,924,689
Total other assets	1,235,509	13,000,105	143,850	517	4,362	2,950,350	18,372,864
Total assets	\$ 58,601,612	\$ 52,724,083	\$ 2,581,512	\$ 2,766,405	\$ 95,415	\$ 8,996,255	\$ 214,297,933
LIABILITIES							
Current liabilities							
Accounts payable & accrued expenses	\$ 425,699	\$ 3,870,847	\$ 199,987	\$ 1,083,957	\$ 68,928	\$ 3,232	\$ 6,884,015
Long term debt, current		100,000			25,000	51,098	176,098
Deferred income	147,062	24,140				5,402,445	5,638,248
Total current liabilities	572,761	3,994,987	199,987	1,083,957	93,928	5,456,775	12,698,361
Other liabilities							
Other payables		4,065,867				392,977	4,577,436
Long term debt, noncurrent		590,971				634,735	1,225,706
Total other liabilities		4,656,838				1,027,712	5,803,142
Total liabilities	572,761	8,651,825	199,987	1,083,957	93,928	6,484,487	18,501,503
NET ASSETS							
Unrestricted	13,930,931	2,989,636	518,382	801,223	1,487	2,511,768	32,111,563
Temporarily restricted							
Scholarships & fellowships	1,761,552	977,353					7,313,106
Research		15,504					27,076
Other	4,964,945	6,581,352	284,330	881,225			45,077,153
Permanently restricted							
Scholarships & fellowships	15,679,004	14,007,786					41,393,082
Research		799,097					808,975
Other	21,692,419	18,701,530	1,578,813				69,065,475
Total net assets	58,028,851	44,072,258	2,381,525	1,682,448	1,487	2,511,768	195,796,430
Total liabilities & net assets	\$ 58,601,612	\$ 52,724,083	\$ 2,581,512	\$ 2,766,405	\$ 95,415	\$ 8,996,255	\$ 214,297,933

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2008**

	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.
CHANGES IN UNRESTRICTED NET ASSETS							
Revenues							
Contributions & grants	\$ 1,053,836	\$ 21,975	\$ 5,450	\$ 576,225	\$ 1,152,905	\$ 206,209	\$ 144,784
Investment income	45,604	33,315	\$16,341	15,892	157,567	61,600	728
Other income	336,208	78,721	2,086,164		532,225	314,380	366,310
Assets released from restrictions	25,975		5,116	551,638	4,368,796	1,449,939	2,244,925
Total revenues	1,461,623	134,011	2,113,071	1,143,755	6,211,493	2,032,128	2,756,747
Expenses							
Program	995,845	61,242	988,949	1,174,368	5,286,464	661,608	2,332,183
General & administrative	274,964	30,716	154,153	49,623	472,666	1,623,313	206,574
Fundraising	224,779				315,343		160,361
Other expense			11,127				
Total expenses	1,495,588	91,958	1,154,229	1,223,991	6,074,473	2,284,921	2,699,118
Change in unrestricted net assets	(33,965)	42,053	958,842	(80,236)	137,020	(252,793)	57,629
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Contributions & grants				456,337	2,362,312	1,552,139	1,479,105
Investment income	(187,174)		5,116	126,766	(1,479,129)	382,085	323,390
Other income				74,983	868,620	102,063	139,522
Assets released from restrictions	(25,975)		(5,116)	(443,536)	(4,449,095)	(1,449,939)	(2,067,597)
Change in temporarily restricted net assets	(213,149)		-	214,550	(2,697,292)	586,348	(125,580)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS							
Contributions & grants				186,632	3,097,154		388,320
Investment income				(103,608)	56,665		(233,501)
Other income				-	118,996		
Assets released from restrictions				(108,102)	80,299		(177,328)
Change in permanently restricted net assets				(25,078)	3,353,114		(22,509)
Total change in net assets	(247,114)	42,053	958,842	109,236	792,842	333,555	(90,460)
Net assets(deficit) beginning of year	6,279,141	2,812,043	4,929,811	5,813,451	41,521,431	15,516,706	10,245,510
Net assets(deficit) end of year	\$ 6,032,027	\$ 2,854,096	\$ 5,888,653	\$ 5,922,687	\$ 42,314,273	\$ 15,850,261	\$ 10,155,050

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2008**

	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	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS							
Revenues							
Contributions & grants	\$ 413,733	\$ 165,208	\$ 165,375	\$ 6,097,559	\$ 374,743	\$ -	\$ 10,378,002
Investment income	(761,622)	(120,131)	241			\$177,869	(372,596)
Other income	126,568	360,378	225,375	85,524		1,051,615	5,563,468
Assets released from restrictions	1,674,670	4,195,425	187,250				14,703,734
Total revenues	1,453,349	4,600,880	578,241	6,183,083	374,743	1,229,484	30,272,608
Expenses							
Program	3,472,513	4,172,844	412,684	5,240,633	354,087		25,153,420
General & administrative	304,603	740,417	90,666	1,140,825	26,359		5,114,879
Fundraising	219,504	179,048	47,763				1,146,798
Other expense				250,000		810,336	1,071,463
Total expenses	3,996,620	5,092,309	551,113	6,631,458	380,446	810,336	32,486,560
Change in unrestricted net assets	(2,543,271)	(491,429)	27,128	(448,375)	(5,703)	419,148	(2,213,952)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Contributions & grants	3,916,295	2,441,284	61,291				12,268,763
Investment income	1,893,435	(319)	100,914				1,165,084
Other income	441,419	887,888					2,514,495
Assets released from restrictions	(1,957,533)	(2,564,257)	(187,250)				(13,150,298)
Change in temporarily restricted net assets	4,293,616	764,596	(25,045)	-			2,798,044
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS							
Contributions & grants	936,977	157,180	81,624				4,847,887
Investment income	(3,673,993)	(3,290,974)	(15,181)				(7,260,592)
Other income		15,898					134,894
Assets released from restrictions	282,863	(1,631,168)					(1,553,436)
Change in permanently restricted net assets	(2,454,153)	(4,749,064)	66,443				(3,831,247)
Total change in net assets	(703,808)	(4,475,897)	68,526	(448,375)	(5,703)	419,148	(3,247,155)
Net assets(deficit) beginning of year	58,028,851	44,072,258	2,381,525	1,682,448	1,487	2,511,768	195,796,430
Net assets(deficit) end of year	\$ 57,325,043	\$ 39,596,361	\$ 2,450,051	\$ 1,234,073	\$ (4,216)	\$ 2,930,916	\$ 192,549,275

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

	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.
CHANGES IN UNRESTRICTED NET ASSETS							
Revenues							
Contributions & grants	\$ 1,389,829	\$ 12,405	\$ -	\$ 6,316	\$ 1,200,493	\$ 222,540	\$ 166,211
Investment income	32,280	466,482	\$421,112	19,626	441,076	99,017	870
Other income	349,820	156,812	2,237,873	102,000	40	426,106	180,950
Assets released from restrictions	73,573		200,000	324,655	2,698,137	1,498,148	1,097,939
Total revenues	1,845,502	635,699	2,858,985	452,597	4,339,746	2,245,811	1,445,970
Expenses							
Program	1,374,492	44,540	1,029,058	208,193	3,266,251	1,914,126	1,083,939
General & administrative	430,286	43,112	662,302	193,596	1,147,014	362,893	184,627
Fundraising	210,295				383,598		118,474
Other expense			150,403				
Total expenses	2,015,073	87,652	1,841,763	401,789	4,796,863	2,277,019	1,387,040
Change in unrestricted net assets	(169,571)	548,047	1,017,222	50,808	(457,117)	(31,208)	58,930
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Contributions & grants	151,214			225,728	2,911,964	2,887,193	635,333
Investment income	611,901			116,552	4,209,604	2,431,313	473,649
Other income				3,235	687,062	159,618	15,861
Assets released from restrictions	(73,573)		(200,000)	(324,655)	(2,875,379)	(1,498,148)	(1,097,939)
Change in temporarily restricted net assets	689,542		(200,000)	20,860	4,933,251	3,979,976	26,904
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS							
Contributions & grants				219,780	1,395,975		45,696
Investment income				783,347	110,566		1,181,632
Other income					122,313		
Assets released from restrictions					177,242		
Change in permanently restricted net assets				1,003,127	1,806,096		1,227,328
Total change in net assets	519,971	548,047	817,222	1,074,795	6,282,230	3,948,768	1,313,162
Net assets(deficit) beginning of year	5,759,170	2,263,996	4,112,589	4,738,656	35,239,201	11,567,938	8,932,348
Net assets(deficit) end of year	\$ 6,279,141	\$ 2,812,043	\$ 4,929,811	\$ 5,813,451	\$ 41,521,431	\$ 15,516,706	\$ 10,245,510

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

	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	Total Nonmajor Component Units
CHANGES IN UNRESTRICTED NET ASSETS							
Revenues							
Contributions & grants	\$ 550,164	\$ 142,637	\$ 102,603	\$ 198,219	\$ 379,399	\$ -	\$ 4,370,816
Investment income	1,960,974	292,532	339,073			\$1,010,200	5,083,242
Other income	70,448	429,938	173,742	30,882		616,707	4,775,318
Assets released from restrictions	2,063,795	3,091,099	138,063	5,466,835			16,652,244
Total revenues	4,645,381	3,956,206	753,481	5,695,936	379,399	1,626,907	30,881,620
Expenses							
Program	2,806,961	3,413,894	325,126	4,031,847	358,136		19,856,563
General & administrative	220,900	405,387	81,997	670,030	27,901		4,430,045
Fundraising	280,959	155,618	69,114				1,218,058
Other expense				400,000		595,912	1,146,315
Total expenses	3,308,820	3,974,899	476,237	5,101,877	386,037	595,912	26,650,981
Change in unrestricted net assets	1,336,561	(18,693)	277,244	594,059	(6,638)	1,030,995	4,230,639
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS							
Contributions & grants	1,397,941	1,600,147	156,616	6,348,060			16,314,196
Investment income	1,517,032	90,867					9,450,918
Other income	461,878	682,747					2,010,401
Assets released from restrictions	(2,090,813)	(2,045,675)	(138,063)	(5,466,835)			(15,811,080)
Change in temporarily restricted net assets	1,286,038	328,086	18,553	881,225			11,964,435
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS							
Contributions & grants	639,760	2,455,425	11,549				4,768,185
Investment income	4,944,694	4,127,810	39,893				11,187,942
Other income		56,328					178,641
Assets released from restrictions	27,018	(1,045,424)					(841,164)
Change in permanently restricted net assets	5,611,472	5,594,139	51,442				15,293,604
Total change in net assets	8,234,071	5,903,532	347,239	1,475,284	(6,638)	1,030,995	31,488,678
Net assets(deficit) beginning of year	49,794,780	38,168,726	2,034,286	207,164	8,125	1,480,773	164,307,752
Net assets(deficit) end of year	\$ 58,028,851	\$ 44,072,258	\$ 2,381,525	\$ 1,682,448	\$ 1,487	\$ 2,511,768	\$ 195,796,430

**UNIVERSITY SYSTEM OF MARYLAND
NOTES TO SUPPLEMENTAL DATA
YEARS ENDED JUNE 30, 2008 AND 2007**

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.