

**UNIVERSITY SYSTEM OF MARYLAND**

Financial Statements and Supplemental Data  
Together with Report of Independent Public Accountants

For the Years Ended June 30, 2012 and 2011

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Regents  
University System of Maryland

We have audited the accompanying financial statements of the University System of Maryland (the System), and its discretely presented component units, as of and for the years ended June 30, 2012 and 2011, which collectively comprise the System's basic financial statements 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 audited the component unit financial statements of UMBC Research Park Corporation, Inc. and the Bowie State University Foundation, Inc. We did not audit the financial statements of the other component units, which represent 99 percent, 99 percent, and 98 percent, respectively, of the total assets, net assets and unrestricted revenue of the total component units. Those financial statements were audited by other auditors whose reports thereon has 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide 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, 2012 and 2011, and the respective changes in their financial position and their cash flows, as applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.



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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the system's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*SB & Company, LLC*

Hunt Valley, Maryland  
October 26, 2012

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## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2012 AND 2011

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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, 2012 and 2011.

#### Financial Highlights

- Unrestricted net assets increased by \$185,192,546, for the year ended June 30, 2012 compared to an increase of \$216,486,546, for the year ended June 30, 2011.
- State appropriations for the System increased by 1.8% for the year ended June 30, 2012 to \$1,063,371,086. For the year ended June 30, 2011, State appropriations increased by 12.8% from the amount received in the year ended June 30, 2010, reflecting mid-year transfers of state appropriations from the System back to the state government during the year ended June 30, 2009.
- Tuition and fees, after deducting Scholarship Allowances, increased by \$80,672,778 or 7.4% for the year ended June 30, 2012. During the year ended June 30, 2011, net tuition and fees, increased by \$42,105,694, or 4.0%.
- Investment income on Endowment assets amounted to \$1,267,272, an investment return of .6%, for the year ended June 30, 2012. For the year ended June 30, 2011, investment income on Endowment assets was \$31,624,217, representing investment returns of 17.8%.

#### Overview of the Financial Statements

The System's financial statements consist of three basic financial statements and the notes that provide information on the accounting alternatives used, financial statements for discretely presented component units, and explanatory information and detail on certain financial statement elements. The three basic financial statements are the 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 represent 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, revenue and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or vacation earned by employees but not used as of the date of the financial statements).

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2012 AND 2011

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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 18 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 18 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, 2012, the System's financial health remains strong, with assets exceeding liabilities by \$5,048,890,696, shown on the Balance Sheet as total net assets. This compares with total net assets of \$4,671,599,419, as of June 30, 2011. As suggested earlier, when viewed over time, net assets may be useful as an indicator of financial health.

For the year ended June 30, 2012, total net assets increased by \$377,291,277. Net assets invested in capital assets, net of related debt, increased by \$190,611,960, while unrestricted net assets increased by \$185,192,546, and restricted net asset categories increased by \$1,486,771.

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 \$185,192,546, increase in unrestricted net assets for the year ended June 30, 2012, is attributable to enrollment increases beyond that budgeted, continuing institutional efforts to limit expenditures, as well as efforts to accumulate resources to provide for future facilities needs and renewal and renovation requirements.

As of June 30, 2011, the System's assets exceeded liabilities by \$4,671,599,419. This compares with total net assets of \$4,205,331,706 as of June 30, 2010.

For the year ended June 30, 2011, total net assets increased by \$466,267,713. Net assets invested in capital assets, net of related debt, increased by \$241,260,428, while unrestricted net assets increased \$216,486,546, and restricted net asset categories increased by \$8,520,739.

The \$216,486,546 increase in unrestricted net assets for the year ended June 30, 2011, is attributable to continuing institutional efforts to limit expenditures, the effects of a state-wide furlough plan requiring System employees to take unpaid leave, 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. These factors were offset by planned spending on acquisitions of buildings and renovations using cash balances.



**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2012 AND 2011**

The table below presents summary-level information of the System's assets, liabilities, and net assets as of June 30, 2012, 2011 and 2010.

**Condensed Balance Sheet  
June 30, 2012, 2011 and 2010**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$2,316,223,582	\$2,108,263,552	\$1,921,376,964
Capital assets, net	4,571,677,492	4,329,368,105	3,985,648,258
<b>Total assets</b>	<b>\$6,887,901,074</b>	<b>\$6,437,631,657</b>	<b>\$5,907,025,222</b>
Debt and obligations under capital lease agreements	\$1,170,358,857	\$1,129,222,003	\$1,082,886,292
Other liabilities	668,651,521	636,810,235	618,807,224
<b>Total liabilities</b>	<b>1,839,010,378</b>	<b>1,766,032,238</b>	<b>1,701,693,516</b>
Net assets:			
Invested in capital assets, net of related debt	3,475,576,851	3,284,964,891	3,043,704,463
Restricted	253,881,563	252,394,792	243,874,053
Unrestricted	1,319,432,282	1,134,239,736	917,753,190
<b>Total net assets</b>	<b>5,048,890,696</b>	<b>4,671,599,419</b>	<b>4,205,331,706</b>
<b>Net assets and liabilities</b>	<b>\$6,887,901,074</b>	<b>\$6,437,631,657</b>	<b>\$5,907,025,222</b>

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, 2012, 2011 and 2010.

**Condensed Statement of Revenues, Expenses and Changes in Net Assets  
Years ended June 30, 2012, 2011 and 2010**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Operating revenues	\$3,115,108,383	\$3,020,337,759	\$2,862,478,437
Operating expenses	4,145,997,658	3,998,175,888	3,864,725,692
Operating loss	(1,030,889,275)	(977,838,129)	(1,002,247,255)
State appropriations	1,063,371,086	1,044,674,552	925,884,473
Other nonoperating	163,051,998	201,250,448	163,404,937
<b>Total nonoperating</b>	<b>1,226,423,084</b>	<b>1,245,925,000</b>	<b>1,089,289,410</b>
Income (loss) before other revenues	195,533,809	268,086,871	87,042,155
Other revenues	181,757,468	198,180,842	193,056,043
Increase in net assets	377,291,277	466,267,713	280,098,198
Net assets, beginning of year	4,671,599,419	4,205,331,706	3,925,233,508
<b>Net assets, end of year</b>	<b>\$5,048,890,696</b>	<b>\$4,671,599,419</b>	<b>\$4,205,331,706</b>

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2012 AND 2011**

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

For the years ended June 30, 2012, 2011 and 2010, operating revenues, which under the definitions used by the Governmental Accounting Standards Board (GASB) excludes state appropriations, are detailed below:

	2012		2011		2010	
	\$	%	\$	%	\$	%
Tuition and fees	\$1,166,667,290	37.4%	\$1,085,994,512	36.0%	\$1,043,888,818	36.5%
Contracts and grants	1,109,702,556	35.6	1,142,425,581	37.8	1,071,680,161	37.4
Sales and services of						
Educational departments	257,697,032	8.3	243,851,740	8.1	230,911,671	8.1
Auxiliary enterprises	523,088,505	16.8	490,116,309	16.2	460,594,877	16.1
Other operating	57,953,000	1.9	57,949,617	1.9	55,402,910	1.9
<b>Total</b>	<b>\$3,115,108,383</b>	<b>100.0%</b>	<b>\$3,020,337,759</b>	<b>100.0%</b>	<b>\$2,862,478,437</b>	<b>100.0%</b>

Tuition and fees reflect increases in resident undergraduate student rates for the year ended June 30, 2012, and non-resident rates and other student charges enacted for years ended 2012 and 2011 for graduate and non-resident undergraduate students. There was also a modest increase in enrollment in both years, most notably at the University of Maryland University College. Fee increases for residence halls and dining facilities and enrollment increases account for the increase in revenue from auxiliary enterprise activities.

For the years ended June 30, 2012, 2011 and 2010, operating expenses are detailed below:

	2012		2011		2010	
	\$	%	\$	%	\$	%
Instruction	\$1,101,099,773	26.6%	\$1,034,072,780	25.9%	\$1,010,752,199	26.2%
Research	922,874,070	22.3	945,626,792	23.7	905,621,907	23.4
Public service	157,554,254	3.8	148,391,096	3.7	143,672,967	3.7
Academic support	380,187,264	9.2	349,062,701	8.7	333,020,865	8.6
Student services	192,285,983	4.6	178,781,303	4.5	172,607,349	4.5
Institutional support	364,278,425	8.8	354,617,377	8.9	346,773,057	9.0
Operation &						
Maintenance of Plant	316,887,436	7.6	309,762,858	7.7	300,325,515	7.8
Scholarships and fellowships	90,510,504	2.2	91,965,556	2.3	93,482,854	2.4
Auxiliary enterprises	465,114,119	11.2	444,579,270	11.1	420,758,945	10.8
Hospital	155,205,830	3.7	141,316,155	3.5	137,710,034	3.6
<b>Total</b>	<b>\$4,145,997,658</b>	<b>100.0%</b>	<b>\$3,998,175,888</b>	<b>100.0%</b>	<b>\$3,864,725,692</b>	<b>100.0%</b>

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

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2012 AND 2011

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For the year ended June 30, 2012, increases in employee payments of \$133,323,249, represent the largest component of the overall increase in operating expenses over the year ended June 30, 2011, with the largest increase associated with employee payments for instruction activities.

For the year ended June 30, 2011, increases in employee payments account for the largest component of the overall increase in operating expenses of \$133,450,196, over the year ended June 30, 2010, with the largest increase associated with employee payments for instruction activities.

For the year ended June 30, 2010, increases in employee payments account for the largest component of the overall increase in operating expenses of \$75 million over the year ended June 30, 2009, with the largest increase associated with research activities.

#### Capital Asset and Debt Administration

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

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

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

<b>Funding source</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
State of Maryland debt proceeds or cash balances	\$172,854,822	\$176,161,090	\$180,916,057
System debt proceeds	133,013,284	180,139,550	152,170,852
System cash balances or donations	186,301,220	211,893,224	198,840,205
<b>Total</b>	<b>\$492,169,326</b>	<b>\$568,193,864</b>	<b>\$531,927,114</b>

**UNIVERSITY SYSTEM OF MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2012 AND 2011**

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

<b>Project</b>	<b>Institution</b>	<b>Cost</b>
<b>Year ended June 30, 2012</b>		
Performing Arts and Humanities Facility	University of Maryland Baltimore County	\$81,703,000
College of Liberal Arts	Towson University	78,325,000
Performing Arts Center	Bowie State University	67,453,000
<b>Year ended June 30, 2011</b>		
Pharmacy Hall Addition and Renovation	University of Maryland Baltimore	85,789,000
Oakland Hall Residence	University of Maryland College Park	81,000,000
Perdue School of Business	Salisbury University	50,553,000
Seagull Square	Salisbury University	41,000,000
<b>Year ended June 30, 2010</b>		
Physical Education Complex	Coppin State University	128,000,000
Byrd Stadium renovation	University of Maryland College Park	50,000,000

In August 2003, the System issued Revolving Loan Program Bonds to provide a pool of funds to finance the acquisition of personal property on a revolving basis. The Revolving Loan Program Bonds, currently outstanding in the amount of \$50,000,000, mature on July 1, 2023. In May 2009, the securities were remarketed at an annual interest rate of 0.55% for the period June 1, 2009 through May 31, 2010. On June 1, 2010, the securities were successfully remarketed on a multi-annual interest rate basis at an interest rate of 1.50%. The Revolving Loan Program Bonds are currently subject to mandatory tender on June 1, 2013, at which time the System expects to remarket the bonds at an interest rate that will reflect the market interest rates at that point in time.

The System has issued revenue bonds to fund the construction, acquisition, and renewal and replacement of facilities, or refinance previously issued revenue bonds to realize lower current interest rates, during the years ended June 30, 2011 and 2012, and since, as follows:

<b>Revenue Bond Issuance</b>	<b>Date</b>	<b>Purpose</b>	<b>Total Par Value Issued</b>	<b>Present Value of Future Debt Service Savings</b>
2010 Refunding Series C	9/8/2010	Refinancing	\$50,990,000	\$3,331,544
2010 Series D and E	12/9/2010	Construction and facilities renewal	115,000,000	
2011 Series A and B	10/20/2011	Refinancing, construction and facilities renewal	153,075,000	1,357,495
2012 Series A and B	2/9/2012	Refinancing	70,825,000	9,054,411
2012 Series C and D	10/6/2012	Refinancing, construction and facilities renewal	169,005,000	5,281,851

## **UNIVERSITY SYSTEM OF MARYLAND**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2012 AND 2011**

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

#### **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 15% more students anticipated by the fall 2021. Preliminary fall 2012 enrollment suggests approximately the same level of enrollment as fall 2011 levels, reflecting demographic changes in high school graduation numbers and the impact of lack of state financial support for enrollment growth.

During the past six years, the System has held tuition increases at low levels, with a four-year period of no tuition increases for resident tuition rates, significantly improving the System's institutions relative affordability as compared with their regional peers. Improving access through moderating tuition increases and improving financial aid will enhance prospects for attaining the enrollment levels projected, an important element of the strategic plan.

Several System institutions have developed research capabilities and expertise in areas of national importance and have experienced increases in contract and grant awards. Combined with geographical proximity to Federal agencies and complementary private enterprises, the System is well positioned competitively for continued strong funding in research activities, particularly in the health sciences and defense-related fields.

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

Personnel costs account for more than two-thirds of the System's noncapital spending. Healthcare costs and the adoption of a state-wide funding strategy for providing for retiree's healthcare costs are expected to be significant considerations for 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 and Chief Operating Officer, 3300 Metzert Road, Adelphi, MD 20783.

**UNIVERSITY SYSTEM OF MARYLAND  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,	
	2012	2011
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$1,653,689,625	\$1,425,961,600
Accounts receivable, net	282,367,444	298,570,893
Notes receivable, current portion, net	7,731,196	7,396,651
Inventories	11,889,509	11,703,659
Prepaid expenses and deferred charges	7,092,331	8,207,076
<b>Total current assets</b>	<b>1,962,770,105</b>	<b>1,751,839,879</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	75,673,619	57,128,548
Endowment investments	190,279,721	198,654,868
Restricted investments	21,875,318	37,288,646
Other investments	5,128,471	3,403,621
Notes receivable, net	60,496,348	59,947,990
Capital assets, net	4,571,677,492	4,329,368,105
<b>Total noncurrent assets</b>	<b>4,925,130,969</b>	<b>4,685,791,778</b>
<b>Total assets</b>	<b>\$6,887,901,074</b>	<b>\$6,437,631,657</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$272,522,879	\$244,534,993
Accrued workers' compensation, current portion	4,438,425	4,269,201
Accrued vacation costs, current portion	83,198,226	86,433,730
Revenue bonds and notes payable, current portion	80,770,694	80,507,466
Obligations under capital lease agreements, current portion	296,434	277,430
Deferred revenue	191,690,521	189,593,140
<b>Total current liabilities</b>	<b>632,917,179</b>	<b>605,615,960</b>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	24,196,575	23,274,034
Accrued vacation costs	92,604,895	88,705,137
Revenue bonds and notes payable	1,075,822,504	1,034,671,448
Obligations under capital lease agreements	13,469,225	13,765,659
<b>Total noncurrent liabilities</b>	<b>1,206,093,199</b>	<b>1,160,416,278</b>
<b>Total liabilities</b>	<b>1,839,010,378</b>	<b>1,766,032,238</b>
<b>NET ASSETS</b>		
Unrestricted	1,319,432,282	1,134,239,736
Invested in capital assets, net	3,475,576,851	3,284,964,891
Restricted:		
Nonexpendable:		
Scholarships and fellowships	13,147,768	12,461,624
Research	4,033,185	3,644,107
Other	16,517,485	15,379,368
Expendable:		
Scholarships and fellowships	36,791,120	39,836,177
Research	69,334,753	70,977,710
Loans	72,533,907	72,375,648
Capital projects	15,055,226	8,760,678
Other	26,468,119	28,959,480
<b>Total net assets</b>	<b>5,048,890,696</b>	<b>4,671,599,419</b>
<b>Total liabilities and net assets</b>	<b>\$6,887,901,074</b>	<b>\$6,437,631,657</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING BALANCE SHEET, COMPONENT UNITS  
JUNE 30, 2012**

Major Component Units-----

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$714,000	\$22,403,012		\$31,320,867	\$54,437,879
Accounts receivable, net	5,916,000	36,360,828	\$13,548,212	10,486,124	66,311,164
Other assets	241,000	102,278		921,658	1,264,936
<b>Total current assets</b>	<b>6,871,000</b>	<b>58,866,118</b>	<b>13,548,212</b>	<b>42,728,649</b>	<b>122,013,979</b>
<b>Investments</b>					
Endowment investments	214,762,000	222,672,248	113,710,602	164,177,009	715,321,859
Other investments	280,545,000	46,215,332	53,193,380	17,641,124	397,594,836
<b>Total investments</b>	<b>495,307,000</b>	<b>268,887,580</b>	<b>166,903,982</b>	<b>181,818,133</b>	<b>1,112,916,695</b>
<b>Other assets</b>					
Accounts receivable, net	2,910,000	32,069,335	12,115,645	6,627,930	53,722,910
Capital assets, net	10,009,000	100,000		5,788,292	15,897,292
Other assets	432,000	1,008,450	5,020,298	8,206,219	14,666,967
<b>Total other assets</b>	<b>13,351,000</b>	<b>33,177,785</b>	<b>17,135,943</b>	<b>20,622,441</b>	<b>84,287,169</b>
<b>Total assets</b>	<b>\$515,529,000</b>	<b>\$360,931,483</b>	<b>\$197,588,137</b>	<b>\$245,169,223</b>	<b>\$1,319,217,843</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable & accrued expenses	\$2,824,000	\$1,834,267	\$3,108,741	\$2,832,810	\$10,599,818
Long-term debt, current				1,056,350	1,056,350
Deferred income	1,470,000	755,546		6,552,116	8,777,662
<b>Total current liabilities</b>	<b>4,294,000</b>	<b>2,589,813</b>	<b>3,108,741</b>	<b>10,441,276</b>	<b>20,433,830</b>
<b>Other liabilities</b>					
Other payables	43,993,109	3,314,392	1,002,708	3,716,781	52,026,990
Due to primary government	190,171,891				190,171,891
Long-term debt, noncurrent				2,272,485	2,272,485
<b>Total other liabilities</b>	<b>234,165,000</b>	<b>3,314,392</b>	<b>1,002,708</b>	<b>5,989,266</b>	<b>244,471,366</b>
<b>Total liabilities</b>	<b>238,459,000</b>	<b>5,904,205</b>	<b>4,111,449</b>	<b>16,430,542</b>	<b>264,905,196</b>
<b>NET ASSETS</b>					
Unrestricted	65,951,000	10,030,251	19,113,761	31,391,289	126,486,301
Temporarily restricted:					
Scholarships & fellowships	19,388,000	34,976,888	6,474,949	12,179,366	73,019,203
Research	12,558,000	8,514,613	7,493,869	523,767	29,090,249
Other	31,314,000	97,864,353	47,174,676	78,982,234	255,335,263
Permanently restricted:					
Scholarships & fellowships	82,177,000	65,623,000	26,071,731	60,292,528	234,164,259
Research	2,291,000	1,055,000	1,003,631	220,636	4,570,267
Other	63,391,000	136,963,173	86,144,071	45,148,861	331,647,105
<b>Total net assets</b>	<b>277,070,000</b>	<b>355,027,278</b>	<b>193,476,688</b>	<b>228,738,681</b>	<b>1,054,312,647</b>
<b>Total liabilities and net assets</b>	<b>\$515,529,000</b>	<b>\$360,931,483</b>	<b>\$197,588,137</b>	<b>\$245,169,223</b>	<b>\$1,319,217,843</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING BALANCE SHEET, COMPONENT UNITS  
JUNE 30, 2011**

Major Component Units-----

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$606,000	\$20,526,533		\$29,864,432	\$50,996,965
Accounts receivable, net	10,077,000	37,154,679	\$8,670,462	13,042,472	68,944,613
Other assets	177,000	349,920		1,047,762	1,574,682
<b>Total current assets</b>	<b>10,860,000</b>	<b>58,031,132</b>	<b>8,670,462</b>	<b>43,954,666</b>	<b>121,516,260</b>
<b>Investments</b>					
Endowment investments	215,627,000	222,887,336	102,885,936	156,775,796	698,176,068
Other investments	284,564,000	30,120,643	52,130,230	25,660,541	392,475,414
<b>Total investments</b>	<b>500,191,000</b>	<b>253,007,979</b>	<b>155,016,166</b>	<b>182,436,337</b>	<b>1,090,651,482</b>
<b>Other assets</b>					
Accounts receivable, net	5,724,000	35,591,098	13,822,231	703,779	55,841,108
Capital assets, net	10,100,000	19,783,435		5,950,338	35,833,773
Other assets	438,000	807,481	4,046,700	8,449,601	13,741,782
<b>Total other assets</b>	<b>16,262,000</b>	<b>56,182,014</b>	<b>17,868,931</b>	<b>15,103,718</b>	<b>105,416,663</b>
<b>Total assets</b>	<b>\$527,313,000</b>	<b>\$367,221,125</b>	<b>\$181,555,559</b>	<b>\$241,494,721</b>	<b>\$1,317,584,405</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable & accrued expenses	\$1,159,000	\$542,872	\$2,520,097	\$2,992,601	\$7,214,570
Long-term debt, current				2,964,855	2,964,855
Deferred income	473,000	1,321,060		7,093,212	8,887,272
<b>Total current liabilities</b>	<b>1,632,000</b>	<b>1,863,932</b>	<b>2,520,097</b>	<b>13,050,668</b>	<b>19,066,697</b>
<b>Other liabilities</b>					
Other payables	43,843,189	3,236,982	950,508	4,099,285	52,129,964
Due to primary government	198,552,811				198,552,811
Long-term debt, noncurrent				427,265	427,265
<b>Total other liabilities</b>	<b>242,396,000</b>	<b>3,236,982</b>	<b>950,508</b>	<b>4,526,550</b>	<b>251,110,040</b>
<b>Total liabilities</b>	<b>244,028,000</b>	<b>5,100,914</b>	<b>3,470,605</b>	<b>17,577,218</b>	<b>270,176,737</b>
<b>NET ASSETS</b>					
Unrestricted	62,039,000	13,516,544	16,475,392	30,028,849	122,059,785
Temporarily restricted:					
Scholarships & fellowships	20,914,000	37,743,771	7,076,118	12,074,090	77,807,979
Research	11,145,000	7,803,016	8,656,148	604,998	28,209,162
Other	33,467,000	109,653,251	42,835,879	79,707,076	265,663,206
Permanently restricted:					
Scholarships & fellowships	73,754,000	59,656,000	24,633,862	50,338,344	208,382,206
Research	2,084,000	1,173,000	1,294,731	220,636	4,772,367
Other	79,882,000	132,574,629	77,112,824	50,943,510	340,512,963
<b>Total net assets</b>	<b>283,285,000</b>	<b>362,120,211</b>	<b>178,084,954</b>	<b>223,917,503</b>	<b>1,047,407,668</b>
<b>Total liabilities and net assets</b>	<b>\$527,313,000</b>	<b>\$367,221,125</b>	<b>\$181,555,559</b>	<b>\$241,494,721</b>	<b>\$1,317,584,405</b>

See accompanying notes.



**UNIVERSITY SYSTEM OF MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Year ended June 30,		
	2012	2011	
<b>OPERATING REVENUES:</b>			
Tuition and fees	\$1,403,570,031		\$1,313,969,897
Less: scholarship allowances	<u>(236,902,741)</u>	\$1,166,667,290	<u>(227,975,385)</u>
Federal grants and contracts		723,008,546	775,558,941
State and local grants and contracts		175,216,123	173,516,912
Nongovernmental grants and contracts		211,477,887	193,349,728
Sales and services of educational departments		257,697,032	243,851,740
Auxiliary enterprises:			
Residential facilities	136,788,425		123,889,715
Less: scholarship allowances	<u>(11,592,037)</u>	125,196,388	<u>(11,765,972)</u>
Dining facilities	114,536,929		106,840,424
Less: scholarship allowances	<u>(6,863,867)</u>	107,673,062	<u>(6,779,483)</u>
Intercollegiate athletics	97,424,482		88,081,729
Less: scholarship allowances	<u>(4,233,267)</u>	93,191,215	<u>(4,258,407)</u>
Bookstore	28,816,802		28,789,626
Less: scholarship allowances	<u>(1,530,243)</u>	27,286,559	<u>(1,448,970)</u>
Parking facilities	41,176,924		38,301,062
Less: scholarship allowances		41,176,924	<u>(12,337)</u>
Other auxiliary enterprises revenues	128,602,143		128,558,817
Less: scholarship allowances	<u>(37,786)</u>	128,564,357	<u>(79,895)</u>
Other operating revenues		<u>57,953,000</u>	<u>57,949,617</u>
<b>Total operating revenues</b>		<u>3,115,108,383</u>	<u>3,020,337,759</u>
<b>OPERATING EXPENSES:</b>			
Instruction		1,101,099,773	1,034,072,780
Research		922,874,070	945,626,792
Public service		157,554,254	148,391,096
Academic support		380,187,264	349,062,701
Student services		192,285,983	178,781,303
Institutional support		364,278,425	354,617,377
Operation and maintenance of plant		316,887,436	309,762,858
Scholarships and fellowships		90,510,504	91,965,556
Auxiliary enterprises:			
Residential facilities		104,317,099	104,077,902
Dining facilities		104,886,987	96,682,626
Intercollegiate athletics		94,824,576	87,718,648
Bookstore		26,841,606	27,046,286
Parking facilities		25,942,018	22,512,617
Other auxiliary enterprises expenses		108,301,833	106,541,191
Hospital		<u>155,205,830</u>	<u>141,316,155</u>
<b>Total operating expenses</b>		<u>4,145,997,658</u>	<u>3,998,175,888</u>
<b>Operating loss</b>		<u>(1,030,889,275)</u>	<u>(977,838,129)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State appropriations		1,063,371,086	1,044,674,552
Pell grants		131,092,951	127,264,443
Gifts		42,770,704	33,261,476
Investment income	22,873,739		65,871,485
Less: Investment expense	<u>(734,646)</u>	22,139,093	<u>(870,781)</u>
Interest on indebtedness		(43,587,538)	(42,012,540)
Other revenues, (expenses), gains and (losses)		<u>10,636,788</u>	<u>17,736,365</u>
<b>Total net nonoperating revenues</b>		<u>1,226,423,084</u>	<u>1,245,925,000</u>
<b>Income before other revenues</b>		<u>195,533,809</u>	<u>268,086,871</u>
<b>OTHER REVENUES:</b>			
Capital appropriations		172,854,822	176,161,090
Capital gifts and grants		6,689,307	20,748,305
Additions to permanent endowments		<u>2,213,339</u>	<u>1,271,447</u>
<b>Total other revenues</b>		<u>181,757,468</u>	<u>198,180,842</u>
<b>Increase in net assets</b>		377,291,277	466,267,713
<b>Net assets - beginning of year</b>		<u>4,671,599,419</u>	<u>4,205,331,706</u>
<b>Net assets - end of year</b>		<u>\$5,048,890,696</u>	<u>\$4,671,599,419</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2012**

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>					
<b>Revenues</b>					
Contributions & grants	\$3,945,000	\$39,100	\$7,044,715	\$5,783,247	\$16,812,062
Investment income	3,210,000	4,829,451	1,836,688	346,300	10,222,439
Other income	5,845,000	2,875,995	579,053	8,097,212	17,397,260
Assets released from restrictions	20,507,000	44,739,690	14,395,731	15,222,535	94,864,956
<b>Total revenues</b>	<b>33,507,000</b>	<b>52,484,236</b>	<b>23,856,187</b>	<b>29,449,294</b>	<b>139,296,717</b>
<b>Expenses</b>					
Program	21,358,499	49,246,012	19,179,192	23,484,690	113,268,393
General & administrative	4,795,000	1,046,455	1,472,371	4,359,261	11,673,087
Fundraising	3,428,000	244,760	579,756	1,163,823	5,416,339
Other expense		5,433,931		1,560,083	6,994,014
<b>Total expenses</b>	<b>29,581,499</b>	<b>55,971,158</b>	<b>21,231,319</b>	<b>30,567,857</b>	<b>137,351,833</b>
Transfer per Board resolution	(13,501)		13,501		
<b>Change in unrestricted net assets</b>	<b>3,912,000</b>	<b>(3,486,922)</b>	<b>2,638,369</b>	<b>(1,118,563)</b>	<b>1,944,884</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>					
Contributions & grants	9,153,000	33,051,104	16,679,090	16,539,624	75,422,818
Investment income (loss)	9,608,068	(1,690,940)	243,130	(286,673)	7,873,585
Other income (loss)		(332,074)		1,155,070	822,996
Assets released from restrictions	(20,507,000)	(45,231,312)	(14,395,731)	(15,627,815)	(95,761,858)
Transfer per Board resolution	(520,068)	471,208	48,860		
<b>Change in temporarily restricted net assets</b>	<b>(2,266,000)</b>	<b>(13,732,014)</b>	<b>2,575,349</b>	<b>1,780,206</b>	<b>(11,642,459)</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>					
Contributions & grants	2,077,000	9,786,721	10,178,016	3,646,171	25,687,908
Investment income (loss)	(9,941,000)			94,284	(9,846,716)
Other income (loss)	3,000	(152,340)		13,800	(135,540)
Assets released from restrictions		491,622		405,280	896,902
<b>Change in permanently restricted net assets</b>	<b>(7,861,000)</b>	<b>10,126,003</b>	<b>10,178,016</b>	<b>4,159,535</b>	<b>16,602,554</b>
<b>Total change in net assets</b>	<b>(6,215,000)</b>	<b>(7,092,933)</b>	<b>15,391,734</b>	<b>4,821,178</b>	<b>6,904,979</b>
<b>Net assets - beginning of year</b>	<b>283,285,000</b>	<b>362,120,211</b>	<b>178,084,954</b>	<b>223,917,503</b>	<b>1,047,407,668</b>
<b>Net assets - end of year</b>	<b>\$277,070,000</b>	<b>\$355,027,278</b>	<b>\$193,476,688</b>	<b>\$228,738,681</b>	<b>\$1,054,312,647</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2011**

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Total Nonmajor Component Units	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>					
<b>Revenues</b>					
Contributions & grants	\$1,960,000	\$100,000	\$8,715,980	\$9,415,607	\$20,191,587
Investment income	8,494,000	10,160,651	906,962	11,405,981	30,967,594
Other income	5,693,000	2,201,878	471,379	6,441,068	14,807,325
Assets released from restrictions	20,084,000	31,151,547	13,034,949	13,280,549	77,551,045
<b>Total revenues</b>	<b>36,231,000</b>	<b>43,614,076</b>	<b>23,129,270</b>	<b>40,543,205</b>	<b>143,517,551</b>
<b>Expenses</b>					
Program	18,748,000	32,983,931	18,394,599	27,137,459	97,263,989
General & administrative	4,697,921	2,010,938	1,385,290	4,742,537	12,836,686
Fundraising	3,348,000	314,380	472,329	907,903	5,042,612
Other expense		1,182,615		1,229,312	2,411,927
<b>Total expenses</b>	<b>26,793,921</b>	<b>36,491,864</b>	<b>20,252,218</b>	<b>34,017,211</b>	<b>117,555,214</b>
Transfer per Board resolution	(14,079)		14,079		
<b>Change in unrestricted net assets</b>	<b>9,423,000</b>	<b>7,122,212</b>	<b>2,891,131</b>	<b>6,525,994</b>	<b>25,962,337</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>					
Contributions & grants	8,460,000	37,133,530	6,188,307	9,211,960	60,993,797
Investment income	15,625,242	25,372,711	16,137,202	20,169,656	77,304,811
Other income (loss)		(621,241)		1,810,044	1,188,803
Assets released from restrictions	(20,084,000)	(30,309,289)	(13,034,949)	(12,667,811)	(76,096,049)
Transfer per Board resolution	(22,242)		22,242		
<b>Change in temporarily restricted net assets</b>	<b>3,979,000</b>	<b>31,575,711</b>	<b>9,312,802</b>	<b>18,523,849</b>	<b>63,391,362</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>					
Contributions & grants	3,765,000	6,286,496	14,599,111	1,495,298	26,145,905
Investment income (loss)	12,091,423	(7,353)		324,739	12,408,809
Other income	24,000	236,100		22,421	282,521
Assets released from restrictions		(842,258)		(612,738)	(1,454,996)
Transfer per Board resolution	(1,536,423)		1,536,423		
<b>Change in permanently restricted net assets</b>	<b>14,344,000</b>	<b>5,672,985</b>	<b>16,135,534</b>	<b>1,229,720</b>	<b>37,382,239</b>
<b>Total change in net assets</b>	<b>27,746,000</b>	<b>44,370,908</b>	<b>28,339,467</b>	<b>26,279,563</b>	<b>126,735,938</b>
<b>Net assets - beginning of year</b>	<b>255,539,000</b>	<b>317,749,303</b>	<b>149,745,487</b>	<b>197,637,940</b>	<b>920,671,730</b>
<b>Net assets - end of year</b>	<b>\$283,285,000</b>	<b>\$362,120,211</b>	<b>\$178,084,954</b>	<b>\$223,917,503</b>	<b>\$1,047,407,668</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$1,162,560,692	\$1,095,691,927
Research contracts and grants	1,118,949,727	1,133,919,317
Payments to employees	(2,714,062,702)	(2,593,766,965)
Payments to suppliers and contractors	(1,161,756,018)	(1,174,870,053)
Loans issued to students	(12,811,230)	(10,799,454)
Collections of loans to students	10,818,076	10,550,388
Auxiliary enterprises:		
Residential facilities	124,951,037	110,224,704
Dining facilities	107,417,002	98,535,875
Intercollegiate athletics	92,146,351	91,158,145
Bookstore	33,473,871	27,347,642
Parking facilities	40,264,930	38,481,395
Other	128,940,543	131,054,951
Other receipts	383,627,098	357,469,830
	<b>(685,480,623)</b>	<b>(685,002,298)</b>
<b>Net cash used by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	1,063,371,086	1,044,674,552
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	948,423	1,271,447
Pell grants	131,092,951	127,264,443
	<b>1,195,412,460</b>	<b>1,173,210,442</b>
<b>Net cash provided by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	241,423,290	170,086,804
Capital appropriations	172,231,887	176,161,090
Capital grants and gifts received	5,746,968	13,832,401
Proceeds from sales of capital assets	2,950,976	365,743
Purchases of capital assets	(485,775,230)	(550,663,114)
Principal paid on debt and capital leases	(193,727,596)	(128,602,528)
Interest paid on debt and capital leases	(51,011,102)	(47,138,264)
	<b>(308,160,807)</b>	<b>(365,957,868)</b>
<b>Net cash used by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	47,602,393	101,478,952
Interest on investments	20,909,372	35,114,214
Investment expense	(734,646)	(870,781)
Purchases of investments	(23,275,053)	(38,387,961)
	<b>44,502,066</b>	<b>97,334,424</b>
<b>Net cash provided by investing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>246,273,096</b>	<b>219,584,700</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>1,483,090,148</b>	<b>1,263,505,448</b>
<b>Cash and cash equivalents - end of the year</b>	<b>\$1,729,363,244</b>	<b>\$1,483,090,148</b>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Capital lease agreement		\$10,493,036
Gifts and transfer of capital assets	\$685,885	10,595,816
Changes in unrealized appreciation on investments	533,226	30,745,165
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating loss	(\$1,030,889,275)	(\$977,838,129)
<b>Adjustments to reconcile operating loss to net cash used by operating activities:</b>		
Depreciation expense	244,927,735	220,314,699
Gifts and other revenues, (expenses), gains, and (losses)	53,407,492	50,997,841
<b>Changes in assets and liabilities:</b>		
Accounts receivables, net	16,203,449	1,697,643
Inventories	(185,850)	(1,020,045)
Prepaid expenses and deferred charges	1,114,745	(635,251)
Notes receivable	(882,903)	322,043
Accounts payable, net and accrued liabilities	26,970,584	11,955,097
Deferred revenue	2,097,381	10,184,947
Accrued vacation	664,254	761,290
Accrued workers' compensation	1,091,765	(1,742,433)
	<b>(685,480,623)</b>	<b>(685,002,298)</b>
<b>Net cash used by operating activities</b>		

See accompanying notes.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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#### ORGANIZATION AND PURPOSE

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

The System comprises eleven degree-granting institutions, one research entity and an administrative unit. Its degree-granting institutions provide a full range of undergraduate, graduate, professional and continuing education opportunities for students. Its research 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, eighteen 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 eighteen 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.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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The following affiliated foundations are considered nonmajor component units:

Medical Alumni Association of the University of Maryland, Inc.  
M Club Foundation, University of Maryland, Inc.  
The Robert H. Smith School of Business Foundation, Inc.  
Harry R. Hughes Center for Agro-Ecology, Inc.  
Bowie State University Foundation, Inc.  
Towson University Foundation, Inc.  
Frostburg State University Foundation, Inc.  
Coppin State University Development Foundation, Inc.  
University of Baltimore Foundation, Inc. and University Properties, Inc.  
Salisbury University Foundation, Inc.  
The Ward Foundation, Inc.  
The Maryland 4-H Foundation, Inc.  
University Research Corporation International, Inc.  
The Maryland Center @ Bowie State University, Inc.  
University of Maryland, Baltimore County Research Park Corporation, Inc.

During the years ended June 30, 2012 and 2011, the foundations distributed approximately \$96,454,000 and \$80,931,000 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 revenue derived from these activities are reported primarily as contract and grant revenue.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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**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, revenue is 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 Revenue and Expenses** - Operating revenue 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 revenue, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenue 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 revenue.

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

**Investments** – Investments are valued at fair market value.

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

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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**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, 2011, have been reclassified to conform with the presentation for the year ended June 30, 2012.

**Pending change in accounting principles** – In November 2010, *GASB Statement #60, Accounting and Financial Reporting for Service Concession Arrangements*, was issued. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The requirements of this accounting standard are effective for periods beginning after December 15, 2011.

In November 2010, *GASB Statement #61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, was issued. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of this accounting standard are effective for periods beginning after June 15, 2012.

In December 2010, *GASB Statement #62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA Pronouncements that does not conflict with or contradict GASB pronouncements. The requirements of this accounting standard are effective for periods beginning after December 15, 2011.



## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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In June 2011, *GASB Statement #63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued. This Statement provides financial guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial periods beginning after December 15, 2011.

In March 2012, the GASB issued *GASB Statement #65, Items Previously Reported as Assets and Liabilities*. Statement #65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial periods beginning after December 15, 2012.

In March 2012, the GASB also issued *GASB Statement #66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, which resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The provisions of GASB Statement #66 are effective for financial periods beginning after December 15, 2012.

In June 2012, GASB Statement #68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 was issued, providing new financial accounting recognition and presentation guidance relating to pension obligations in employer financial statements. The provisions of GASB Statement #68 are effective for financial periods beginning after June 15, 2014.

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, 2013, taking into account the requirements of *GASB Statement #60, #61, #62 and #63*, and will present its financial statements for the year ending June 30, 2014, taking into account the requirements of *GASB Statement #65 and #66*. The System will prepare its financial statements for the year ending June 30, 2015, taking into consideration the requirements of *GASB Statement #68*.

# UNIVERSITY SYSTEM OF MARYLAND

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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### 1. CASH AND INVESTMENTS

#### Cash and cash equivalents

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

	<u>2012</u>	<u>2011</u>
Cash and short-term investments on deposit with the State Treasurer	\$1,607,903,103	\$1,399,269,099
Demand and time deposits	45,786,522	26,692,501
Total	<u>\$1,653,689,625</u>	<u>\$1,425,961,600</u>

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

As of June 30, 2012 and 2011, the carrying amount of the System's demand and time deposits was \$45,786,522 and \$26,692,501, as compared to bank balances of \$47,408,129 and \$34,000,695, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$41,508,593 and \$32,231,326 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 \$5,899,536 and \$1,769,369 was uninsured and uncollateralized as of June 30, 2012 and 2011, 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.

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.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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- 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 included:

	<u>2012</u>	<u>2011</u>
Money market accounts – endowment fund uninvested cash	\$52,280	\$47,280
Money market accounts – unspent proceeds of debt	75,621,339	57,081,268
Total	<u>\$75,673,619</u>	<u>\$57,128,548</u>

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

#### **Investments**

In July 2005, the System transferred 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., (USMF) in exchange for an equivalent proportionate interest in the long-term investment portfolio managed by the University System of Maryland Foundation, Inc.

In June 2011, the System entered into a new agreement with the USMF. Beginning with fiscal year 2012, the per annum fee to be paid to the USMF for investment management services is to be 0.37% of the beginning of the year market value of managed funds. The agreement is for a term of five years, with renewable two-year extensions at the option of the System, unless notice of intent to terminate the arrangement is provided within 180 days prior to the expiration of the term. In the event of termination of the arrangement, funds invested with individual investment managers that have commitments from the 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, 2012 AND 2011

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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. The System is exposed to credit risk on its Endowment investments managed by the University System of Maryland Foundation, Inc.

As of June 30, 2012 and 2011, commercial paper included in restricted investments held by the System is rated P-1 by Moody's and A-1 or better by Standard & Poor's.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

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**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.

As of June 30, 2012 and 2011, the System had the following investments, which individually represent 5% or more of total investments:

	2012		2011	
	Fair value	Portion of total	Fair value	Portion of total
Federal Home Loan Bank	\$12,310,738	6%		
Federal Home Loan Mortgage Corporation			\$11,748,513	5%

**Endowment investments**

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

	2012	2011
Corporate debt	\$17,625	\$17,625
Corporate equities	68,310	62,685
Certificate of deposits	21,895	21,747
Assets invested with University System of Maryland Foundation, Inc.	190,171,891	198,552,811
Total	\$190,279,721	\$198,654,868

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

	2012	2011
Pure endowments	\$124,854,909	\$130,790,768
Funds functioning as endowments	62,405,123	65,138,333
Term endowments	3,019,689	2,725,767
Total	\$190,279,721	\$198,654,868

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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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 pure endowment funds totaled \$91,156,472 and \$99,305,669 as of June 30, 2012 and 2011, respectively. Reinvestments of net appreciation are considered to be subject to donor spending restrictions, and accordingly, are reflected as a component of restricted, expendable net assets.

The Maryland Uniform Prudent Management of Institutional Funds Act governs the use of net appreciation, both realized and unrealized, of endowment investments. This law allows a governing board to appropriate for expenditure only those amounts in excess of the historic gift amount that are prudent, taking into consideration long and short term needs of the institution in carrying out its educational, 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 a partnership interest in a real estate partnership formed to facilitate the long-term development of a parcel of land owned by the University of Maryland College Park. The carrying value of other investments is assessed on an annual basis by reference to the reported value of the University's partnership interest.

#### 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, 2012, restricted investments consisted of:

	<b>Fair value</b>	<b>Investment maturities - less than 1 year</b>	<b>Investment maturities - 1 year and greater</b>
U.S. government and agency obligations	\$15,875,438		\$15,875,438
Commercial Paper	5,999,880	\$5,999,880	
<b>Total</b>	<b>\$21,875,318</b>	<b>\$5,999,880</b>	<b>\$15,875,438</b>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

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As of June 30, 2011, restricted investments consisted of :

	<b>Fair value</b>	<b>Investment maturities - less than 1 year</b>
U.S. government and agency obligations	\$13,898,298	\$13,898,298
Commercial Paper	23,390,348	23,390,348
Total	<u>\$37,288,646</u>	<u>\$37,288,646</u>

**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, 2012 and 2011, investment income attributed to unrestricted funds and restricted funds was:

	<b>2012</b>	<b>2011</b>
Unrestricted funds	\$21,850,807	\$42,390,942
Restricted funds	1,022,932	23,480,543
Total investment income	<u>\$22,873,739</u>	<u>\$65,871,485</u>

**Major component units**

The University System of Maryland Foundation, Inc. invests funds on behalf of the System and several other System component units. The majority of the amounts reported as investments by the University of Maryland College Park Foundation, Inc., and the University of Maryland Baltimore Foundation, Inc. are included in the investments reported by the University System of Maryland Foundation, Inc.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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As of June 30, 2012 and 2011, major component unit investments, recorded at fair value, were:

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

	<u>2012</u>	<u>2011</u>
Money market funds and short-term investments	\$74,849,000	\$40,277,000
Corporate and foreign bonds	40,024,000	42,109,000
Equities	90,791,000	90,419,000
U.S. Treasury notes and bonds	7,085,000	13,402,000
U.S. Agencies	6,689,000	4,393,000
Collateral mortgage obligations and asset and mortgage-backed securities	22,483,000	24,809,000
Absolute return	212,552,000	162,501,000
Long and short equity hedge funds	208,686,000	238,962,000
Private capital	107,827,000	112,841,000
Real estate and energy and natural resources	170,824,000	168,463,000
	<hr/>	<hr/>
Total	941,810,000	898,176,000
Due to other foundations	(446,503,000)	(397,985,000)
	<hr/>	<hr/>
Total Investments	495,307,000	500,191,000
Due to primary government	(190,171,891)	(198,552,811)
	<hr/>	<hr/>
Total University System of Maryland Foundation Investments	<u>\$305,135,109</u>	<u>\$301,638,189</u>

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

	<u>2012</u>	<u>2011</u>
Cash equivalents and short-term securities	\$21,006,317	\$30,488,224
Commonfund Multistrategy Equity Fund		5,412,503
Bonds	901,000	801,000
Investments in special strategies - USMF	249,360,613	218,675,463
	<hr/>	<hr/>
Total	271,267,930	255,377,190
Due to other foundations	(2,380,350)	(2,369,211)
	<hr/>	<hr/>
Total Investments	<u>\$268,887,580</u>	<u>\$253,007,979</u>



**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

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

	<u>2012</u>	<u>2011</u>
Cash equivalents and short term securities	\$6,783,824	\$12,869,636
Commonfund	1,588,795	1,640,523
Lanx stock	1,490,781	
Investments in special strategies - USMF	157,040,582	140,506,007
Total Investments	<u>\$166,903,982</u>	<u>\$155,016,166</u>

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

Accounts receivable as of June 30, 2012 and 2011, were comprised of:

	<u>2012</u>	<u>2011</u>
Tuition and fees	\$75,506,944	\$62,035,282
Contracts and grants	207,842,789	229,692,838
Other	26,299,286	31,675,656
Subtotal	309,649,019	323,403,776
Allowance for doubtful accounts	(27,281,575)	(24,832,883)
Accounts receivable, net	<u>\$282,367,444</u>	<u>\$298,570,893</u>

Notes receivable as of June 30, 2012 and 2011, were comprised of:

	<u>2012</u>	<u>2011</u>
Student loans	\$74,167,691	\$75,765,182
Business development loans	6,948,847	5,056,247
Subtotal	81,116,538	80,821,429
Allowance for doubtful notes	(12,888,994)	(13,476,788)
Notes receivable, net	<u>\$68,227,544</u>	<u>\$67,344,641</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

Accounts payable and accrued liabilities as of June 30, 2012 and 2011, were comprised of:

	<u>2012</u>	<u>2011</u>
Payroll and benefits	\$122,652,668	\$104,618,019
Suppliers and contractors	115,265,145	106,203,692
Accrued interest payable	10,847,516	12,099,642
Other	23,757,550	21,613,640
	<u>Accounts payable and accrued liabilities</u>	<u>\$272,522,879</u>
		<u>\$244,534,993</u>

**Major component units**

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

As of June 30, 2012 and 2011, contributions receivable are due as follows:

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

<u>Due</u>	<u>Discount rates</u>	<u>2012</u>	<u>2011</u>
Within one year	Not applicable	\$5,091,000	\$7,165,000
One to five years	3.25%	1,898,000	5,029,000
More than five years	3.25%	200,000	231,000
		<u>Subtotal</u>	<u>12,425,000</u>
		Pledge discount	(670,000)
		<u>Net contributions receivable</u>	<u>\$11,755,000</u>
		\$6,858,000	\$11,755,000

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

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

<b>Due</b>	<b>Discount rates</b>	<b>2012</b>	<b>2011</b>
Within one year	not applicable	\$41,180,868	\$39,978,252
Two to five years	2.97%	32,149,724	34,916,550
More than five years	3.79%	7,371,164	7,459,899
Subtotal		80,701,756	82,354,701
Allowance for doubtful accounts		(8,902,869)	(5,600,289)
Pledge discount		(3,372,575)	(4,013,376)
Net contributions receivable		\$68,426,312	\$72,741,036

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

<b>Due</b>	<b>Discount rates</b>	<b>2012</b>	<b>2011</b>
Within one year	Not applicable	\$12,694,169	\$9,229,099
Two to five years	2.74%	13,483,280	15,257,254
More than five years	3.65%	289,054	567,331
Subtotal		26,466,503	25,053,684
Allowance for doubtful accounts		(1,106,397)	(1,072,214)
Pledge discount		(1,361,728)	(1,526,713)
Net contributions receivable		\$23,998,378	\$22,454,757

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

3. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2012 and 2011:

	June 30, 2010			June 30, 2011			June 30, 2012
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
<b>Capital assets being depreciated:</b>							
Infrastructure & Land Improvements	\$295,180,342	\$24,189,547	\$488,113	\$318,881,776	\$12,056,846		\$330,938,622
Buildings & Improvements	4,634,628,419	305,810,587	3,296,026	4,937,142,980	438,371,949	\$11,397,720	5,364,117,209
Contents	1,056,097,850	103,767,840	23,621,197	1,136,244,493	104,196,112	25,811,450	1,214,629,155
Buildings recorded under capital lease agreements	4,136,104			14,629,140			14,629,140
		10,493,036					
<b>Total capital assets being depreciated</b>	<b>5,990,042,715</b>	<b>444,261,010</b>	<b>27,405,336</b>	<b>6,406,898,389</b>	<b>554,624,907</b>	<b>37,209,170</b>	<b>6,924,314,126</b>
<b>Less accumulated depreciation for:</b>							
Infrastructure & Land Improvements	139,620,453	11,945,826	143,180	151,423,099	13,421,017		164,844,116
Buildings & Improvements	1,683,518,840	133,317,386	26,100	1,816,810,126	149,538,536	8,580,473	1,957,768,189
Contents	740,404,806	74,913,612	23,302,913	792,015,505	81,830,307	23,942,308	849,903,504
Buildings recorded under capital lease agreements	2,757,500	137,875		2,895,375	137,875		
<b>Total accumulated depreciation</b>	<b>2,566,301,599</b>	<b>220,314,699</b>	<b>23,472,193</b>	<b>2,763,144,105</b>	<b>244,927,735</b>	<b>32,522,781</b>	<b>2,975,549,059</b>
<b>Total capital assets being depreciated, net</b>	<b>3,423,741,116</b>	<b>223,946,311</b>	<b>3,933,143</b>	<b>3,643,754,284</b>	<b>309,697,172</b>	<b>4,686,389</b>	<b>3,948,765,067</b>
<b>Capital assets not being depreciated:</b>						3,033,250	
Land	127,688,111	8,607,264		136,295,375	6,704,227		142,999,602
Contents	16,715,494	6,015,640	226,175	22,504,959	184,337		22,689,296
Construction in progress	417,503,537	403,678,111	294,368,161	526,813,487	354,038,439	423,628,399	457,223,527
<b>Total capital assets not being depreciated</b>	<b>561,907,142</b>	<b>418,301,015</b>	<b>294,594,336</b>	<b>685,613,821</b>	<b>360,927,003</b>	<b>423,628,399</b>	<b>622,912,425</b>
<b>Capital assets, net</b>	<b>\$3,985,648,258</b>	<b>\$642,247,326</b>	<b>\$298,527,479</b>	<b>\$4,329,368,105</b>	<b>\$670,624,175</b>	<b>\$428,314,788</b>	<b>\$4,571,677,492</b>

Total interest expense incurred on revenue bonds, long-term debt and obligations under capital lease agreements during the years ended June 30, 2012 and 2011, was \$43,827,511 and \$42,241,481, respectively. Interest expense of \$239,973 and \$228,941 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2012 and 2011, respectively. The remaining \$43,587,538 and \$42,012,540 is reported as Interest on indebtedness for the years ended June 30, 2012 and 2011, respectively.

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**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**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 \$1,400,000,000.

Revenue bonds and notes payable consisted of the following as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Revenue Bonds, net	\$1,061,819,442	\$1,018,231,012
Revolving Loan Program Bonds	50,000,000	50,000,000
Certificates of Participation	2,800,000	4,600,000
Other	41,973,756	42,347,902
	<u>\$1,156,593,198</u>	<u>\$1,115,178,914</u>
Revenue bonds and notes payable, net	<u>\$1,156,593,198</u>	<u>\$1,115,178,914</u>

**Auxiliary Facility and Tuition Revenue Bonds**

As of June 30, 2012, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
2003 Series A & B	4.0% - 5.0%	2013-2024	\$21,335,000
2004 Series A & B	4.5% - 5.7%	2013-2024	6,060,000
2005 Series A	4.0% - 5.0%	2013-2025	111,855,000
2006 Series A	5.0%	2012-2026	66,505,000
2007 Refunding Series A	4.0% - 5.0%	2012-2023	75,395,000
2008 Series A	4.0% - 5.0%	2013-2026	78,275,000
2008 Refunding Series B	3.5% - 4.5%	2012-2016	16,015,000
2009 Series A & B	4.0% - 6.0%	2013-2029	89,050,000
2009 Refunding Series C	2.5% - 4.0%	2012-2019	18,390,000
2009 Refunding Series D	3.0% - 4.0%	2012-2022	55,580,000
2010 Series A & B	2.5% - 5.4%	2013-2030	111,325,000
2010 Series C	2.0% - 4.0%	2013-2023	49,670,000
2010 Series D & E	3.0% - 5.8%	2013-2030	110,620,000
2011 Series A	3.0% - 5.0%	2013-2031	111,120,000
2011 Refunding Series B	3.0% - 5.0%	2014-2024	38,075,000
2012 Refunding Series A & B	2.0% - 4.0%	2013-2024	70,825,000
			<u>1,030,095,000</u>
Unamortized discounts, premiums and refunding adjustments			<u>31,724,442</u>
Revenue bonds, net			<u>\$1,061,819,442</u>

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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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, 2012 and 2011, including the results of any advance refunding of previously-issued debt, are as follows:

<b>Debt issuance</b>	<b>Date of issue</b>	<b>Par value of debt issued</b>	<b>Premium on issuance</b>	<b>Par value of debt refunded</b>	<b>Reduction in future debt service</b>	<b>Deferred amount on refunding</b>	<b>Economic gain or (loss)</b>
2010 Refunding Series C	9/8/2010	\$50,990,000	\$5,314,847	\$49,045,000	\$3,733,928	\$4,400,943	\$3,331,544
2010 Series D & E	12/9/2010	115,000,000	3,182,892				
2011 Series A	10/6/2011	115,000,000	11,216,462				
2011 Refunding Series B	10/6/2011	38,075,000	3,641,915	38,750,000	1,631,266	1,043,816	1,357,494
2012 Refunding Series A & B	2/9/2012	70,825,000	4,419,184	69,735,000	9,560,388	5,116,958	9,054,411

The System has issued series of revenue bonds that qualify for participation in the Build America Bonds program, a provision of the American Recovery and Reinvestment Act of 2009. The provisions of the Build America Bonds provide that the Federal government will reimburse issuers of Build America Bonds an amount equal to 35% of the interest payments made to bondholders. The 2009 Series B, the 2010 Series B, and 2010 Series E bonds have been issued to comply with the requirements of the Build America Bonds program, the System has been receiving the interest payment reimbursements from the Federal government, and the System expects that these bonds will continue to qualify under the program in the future. The interest amounts reflected in the future principal and interest payments schedule on the following page reflect the System's obligations to bondholders, and have not been reduced for any expectation of interest reimbursement from the Federal government under the Build America Bonds program.

As of June 30, 2012, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$124,760,000.

As of June 30, 2012 and 2011, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$65,202,153 and \$71,288,568, respectively.



## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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#### **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 a 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. On June 1, 2010, the securities were successfully remarketed on a multi-annual interest rate basis at an interest rate of 1.50%. The Revolving Loan Program Bonds are currently subject to mandatory tender on June 1, 2013, at which time the System expects to remarket the bonds at an interest rate that will reflect the market interest rates at that point in time.

As of June 30, 2012 and 2011, cash and cash equivalents in the amount of \$30,145,543 and \$20,036,604, respectively, was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

#### **Certificates of Participation**

The System issued \$17,800,000 of variable rate Certificates of Participation on October 30, 2000 to finance the construction of an addition to the School of Business at the University of Maryland, College Park. Payments of principal are made annually on June 1 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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

Future principal and interest payments as of June 30, 2012 were as follows:

Years ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2013	\$73,215,000	\$45,966,979	\$7,555,694	\$3,772,275	\$130,509,948
2014	68,200,000	42,951,390	6,737,893	3,571,989	121,461,272
2015	71,585,000	40,147,589	4,688,463	3,421,641	119,842,693
2016	75,090,000	36,995,433	4,184,524	3,312,426	119,582,383
2017	74,140,000	33,666,089	3,066,533	3,208,515	114,081,137
2018 – 2022	339,165,000	121,400,326	34,876,152	13,882,486	509,323,964
2023 – 2027	229,695,000	56,554,086	33,664,497	504,906	320,418,489
2028 – 2031	99,005,000	10,361,094			109,366,094
Total	\$1,030,095,000	\$388,042,986	\$94,773,756	\$31,674,238	\$1,544,585,980

5. LEASES

**Obligations under capital lease agreements**

The System leases two facilities for the use of the University of Maryland College Park and Towson University under agreements recorded as capital lease obligations. The obligations are recorded at the present value of future minimum lease payments using a discount rate of 6.8% and 3.2%, for the University of Maryland College Park and the Towson University leases, respectively.

Future minimum payments on obligations under capital lease agreements as of June 30, 2012 were as follows:

Years ending June 30,	Total
2013	\$1,571,163
2014	1,602,938
2015	1,635,667
2016	1,669,377
2017	1,704,099
2018 – 2022	8,310,914
Total future lease payments	16,494,158
Less: Interest component	(2,728,499)
Obligations under capital lease agreements	\$13,765,659

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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#### 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 as of June 30, 2012 were as follows:

<u>Year ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2013	\$14,557,913
2014	12,940,256
2015	11,491,354
2016	20,181,538
2017	8,976,120
2018 – 2022	25,173,330
2023 – 2027	<u>7,722,156</u>
Total	<u><u>\$101,042,667</u></u>

Operating lease expenditures for the years ended June 30, 2012 and 2011, were \$20,548,836 and \$20,022,077, respectively.

The System has entered into lease agreements with developers at seven of its institutions. These agreements provide the developers the use of the System's land for periods of 30 to 40 years. In each agreement, the developer is to 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. 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.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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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, MD 21202.

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

#### **State Systems**

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

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

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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#### **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, 2012, 2011, and 2010 of \$73,660,374, \$74,127,461, and \$64,738,657, respectively.

#### **Optional Retirement Program**

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

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

The contributions for the year ended June 30, 2012 were \$131,559,709, which consisted of \$64,287,486 from the System and \$67,272,223 from employees. The contributions for the year ended June 30, 2011 were \$128,347,080, which consisted of \$64,707,130 from the System and \$63,639,950 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, 2012 and 2011 was approximately \$141,000 and \$207,000, respectively.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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

Financial information for the Plan is included in the State of Maryland Comprehensive Annual Financial Report, which can be obtained from the Comptroller of Maryland, Louis L. Goldstein Treasury Building, Annapolis, MD 21404.

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, 2012 and 2011. The amounts contributed for the years ended June 30, 2012 and 2011, were \$63,367,379 and \$44,741,945, respectively.

#### 8. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2012, is \$360,561,000, of which \$151,524,000 is to be funded from Revenue Bond proceeds, \$145,779,000, is to be derived from State appropriations and grants, and \$63,258,000 to be provided from System funds.

#### 9. CONTINGENT LIABILITIES

The System has entered into future purchase commitments for natural gas and electricity, as a means of hedging its risk against fluctuations in price of an important fuel commodity and electricity supplies. As of June 30, 2012, the System had entered into open contracts for the purchase of \$1,634,000, of natural gas to be delivered monthly through June 2015. Future purchase commitments for electricity to be supplied through December 2014 totaled \$3,131,000 as of June 30, 2012. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

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.

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011

10. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2012 and 2011, were as follows:

	June 30, 2010			June 30, 2011			June 30, 2012	Due Within
	Balance	Additions	Reductions	Balance	Additions	Reductions	Balance	One Year
Accrued vacation costs	\$174,377,577		\$81,739,829	\$175,138,867	\$88,799,014	\$88,134,760	\$175,803,121	\$83,198,226
Accrued workers' compensation	29,285,668	\$82,507,131	5,455,902	27,543,235	6,548,800	5,457,035	28,635,000	4,438,425
Revenue bonds and notes payable, net	1,079,076,595		133,984,485	1,115,178,914	241,422,693	200,008,409	1,156,593,198	80,770,694
Obligations under capital lease agreements	3,809,697	170,086,804	259,644	14,043,089		277,430	13,765,659	296,434
		10,493,036						
Total long-term liabilities	\$1,286,549,537	\$266,794,428	\$221,439,860	\$1,331,904,105	\$336,770,507	\$293,877,634	\$1,374,796,978	\$168,703,779

11. 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, 2012 and 2011, by grouping of object classification were as follows:

	2012				2011			
	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee Costs	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$949,147,627	\$110,976,841	\$40,975,305	\$1,101,099,773	\$887,839,018	\$111,132,896	\$35,100,866	\$1,034,072,780
Research	563,727,321	335,594,368	23,552,381	922,874,070	559,284,405	364,671,421	21,670,966	945,626,792
Public service	90,877,000	63,533,565	3,143,689	157,554,254	87,491,573	57,890,179	3,009,344	148,391,096
Academic support	244,320,030	100,362,037	35,505,197	380,187,264	232,991,234	86,322,420	29,749,047	349,062,701
Student services	120,770,559	67,046,782	4,468,642	192,285,983	112,943,843	62,318,627	3,518,833	178,781,303
Institutional support	299,210,371	47,332,550	17,735,504	364,278,425	289,385,761	45,752,312	19,479,304	354,617,377
Operation and maintenance of plant	118,013,481	144,626,701	54,247,254	316,887,436	113,120,691	146,790,532	49,851,635	309,762,858
Scholarships and fellowships	7,114,171	83,396,333		90,510,504	5,681,539	86,284,017		91,965,556
Auxiliary enterprises:								
	40,972,342	42,435,194	20,909,563	104,317,099	38,776,434	44,278,142	21,023,326	104,077,902
Residential facilities	32,481,671	66,962,570	5,442,746	104,886,987	29,655,485	62,644,648	4,382,493	96,682,626
Dining facilities	50,352,141	35,635,872	8,836,563	94,824,576	45,519,886	34,830,809	7,367,953	87,718,648
Intercollegiate athletics	4,411,332	22,140,895	289,379	26,841,606	4,447,714	22,462,799	135,773	27,046,286
Bookstores	10,736,068	10,277,434	4,928,516	25,942,018	9,460,913	8,753,471	4,298,233	22,512,617
Parking facilities	49,990,541	33,434,488	24,876,804	108,301,833	46,128,929	39,699,076	20,713,186	106,541,191
Hospital auxiliary enterprises	153,830,954	1,358,684	16,192	155,205,830	139,904,935	1,397,480	13,740	141,316,155
Total	\$2,735,955,609	\$1,165,114,314	\$244,927,735	\$4,145,997,658	\$2,602,632,360	\$1,175,228,829	\$220,314,699	\$3,998,175,888



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## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

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#### 12. RISK MANAGEMENT

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

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

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2012 and 2011. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2012, 2011, or 2010.

As of June 30, 2012 and 2011, the System has recorded \$28,635,000 and \$27,543,235, in liabilities associated with workers' compensation, respectively.

#### 13. SUBSEQUENT EVENTS

##### **Sale of Revenue Bonds**

On October 6, 2012, the System issued \$115,000,000 of 2012 Series C and \$54,005,000 of 2012 Refunding Series D University System of Maryland Auxiliary Facility and Tuition Revenue Bonds. The 2012 Series C bonds consist of serial bonds maturing through the year ending June 30, 2032 with stated interest rates from 3% to 5%, and were sold at an aggregate premium of \$9,582,587. The 2012 Refunding Series D bonds consist of serial bonds maturing through the year ending June 30, 2026 with stated interest rates between 2% to 5%, and were sold at an aggregate premium of \$10,820,564. The proceeds of the 2012 Series D bonds are to be used to advance refund \$9,745,000 of 2005 Series A bonds and \$45,675,000 of the 2006 Series A bonds. The 2012 Refunding Series D bonds advance refunding will reduce future debt service by \$6,335,509 and result in an economic gain of \$5,281,851.

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**UNIVERSITY OF MARYLAND, BALTIMORE**  
**BALANCE SHEET**  
**JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$226,038,387	\$593,253	\$184,563,390	\$400,523
Accounts receivable, net	104,402,396	13,611,253	117,673,897	8,716,926
Notes receivable, current portion	2,157,281		2,146,954	
Prepaid expenses, deferred charges and other assets	324,529	124,310	337,083	120,935
Inter-institutional balances	563,981		1,457,010	
<b>Total current assets</b>	<b>333,486,574</b>	<b>14,328,816</b>	<b>306,178,334</b>	<b>9,238,384</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	1,363,510		1,108,165	
Accounts receivable, net		12,367,784		14,090,971
Endowment investments	74,353,596	131,401,821	77,345,666	120,602,056
Other investments		129,316,080		131,115,301
Notes receivable, net	25,568,333		26,642,295	
Other assets		5,020,298		4,059,268
Capital assets, net	676,636,798		685,960,298	2,803
<b>Total noncurrent assets</b>	<b>777,922,237</b>	<b>278,105,983</b>	<b>791,056,424</b>	<b>269,870,399</b>
<b>Total assets</b>	<b>\$1,111,408,811</b>	<b>\$292,434,799</b>	<b>\$1,097,234,758</b>	<b>\$279,108,783</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$51,022,422	\$3,409,681	\$44,312,333	\$2,840,247
Accrued workers' compensation, current portion	952,475		947,815	
Accrued vacation costs, current portion	34,048,710		32,847,222	
Revenue bonds and notes payable, current portion	9,875,151		9,122,433	
Deferred revenue	43,700,123	14,565	43,612,435	9,690
<b>Total current liabilities</b>	<b>139,598,881</b>	<b>3,424,246</b>	<b>130,842,238</b>	<b>2,849,937</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	5,192,525		5,167,123	
Accrued vacation costs	32,361,194		32,041,477	
Endowments invested on behalf of primary government		74,353,596		77,345,666
Other payables		1,002,708		950,508
Revenue bonds and notes payable	124,336,757		135,949,495	
<b>Total noncurrent liabilities</b>	<b>161,890,476</b>	<b>75,356,304</b>	<b>173,158,095</b>	<b>78,296,174</b>
<b>Total liabilities</b>	<b>301,489,357</b>	<b>78,780,550</b>	<b>304,000,333</b>	<b>81,146,111</b>
<b>NET ASSETS</b>				
Unrestricted	176,406,595	22,248,696	157,746,562	19,522,790
Invested in capital assets, net	542,424,890		540,888,370	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	6,548,051	30,937,415	6,067,560	28,766,186
Research	522,543	1,139,281	144,440	1,411,494
Other	10,294,734	89,897,440	10,294,734	81,588,490
Expendable:				
Scholarships and fellowships	24,869,669	7,375,240	26,957,650	8,011,077
Research	5,533,176	8,077,005	5,049,808	9,154,384
Loans	26,950,536		28,281,532	
Capital projects	1,363,510		1,108,165	
Other	15,005,750	53,979,172	16,695,604	49,508,251
<b>Total net assets</b>	<b>809,919,454</b>	<b>213,654,249</b>	<b>793,234,425</b>	<b>197,962,672</b>
<b>Total liabilities and net assets</b>	<b>\$1,111,408,811</b>	<b>\$292,434,799</b>	<b>\$1,097,234,758</b>	<b>\$279,108,783</b>

**UNIVERSITY OF MARYLAND, BALTIMORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$114,748,076		\$110,384,344	
Less: scholarship allowances	<u>(17,924,712)</u>	\$96,823,364	<u>(17,781,273)</u>	\$92,603,071
Federal grants and contracts		264,931,381		305,929,820
State and local grants and contracts		59,038,329		59,575,622
Nongovernmental grants and contracts		108,427,190		95,057,926
Sales and services of educational departments		216,211,856		201,423,823
Auxiliary enterprises:				
Residential facilities		784,904		753,997
Parking facilities		11,993,486		12,269,807
Other auxiliary enterprises revenues		<u>14,441,241</u>		<u>14,550,656</u>
<b>Total operating revenues</b>		<u>772,651,751</u>		<u>782,164,722</u>
<b>OPERATING EXPENSES:</b>				
Instruction		180,234,676		166,894,339
Research		391,828,457		418,683,979
Public service		3,480,545		3,531,484
Academic support		50,433,089		48,498,727
Student services		5,496,943		4,407,033
Institutional support		64,573,542		59,261,171
Operation and maintenance of plant		80,670,432		86,108,559
Scholarships and fellowships		2,517,190		2,071,020
Auxiliary enterprises:				
Residential facilities		763,710		621,712
Parking facilities		8,117,629		7,722,947
Other auxiliary enterprises expenses		13,270,568		13,800,596
Hospital		<u>155,205,830</u>		<u>141,316,155</u>
<b>Total operating expenses</b>		<u>956,592,611</u>		<u>952,917,722</u>
<b>Operating income (loss)</b>		<u>(183,940,860)</u>		<u>(170,753,000)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		185,039,951		182,151,364
Pell grants		610,299		694,707
Gifts		13,181,490	\$35,360,836	12,083,903
Investment income	3,856,008		2,362,940	16,846,438
Less: Investment expense	<u>(286,179)</u>	3,569,829	<u>(338,004)</u>	16,508,434
Interest on indebtedness		(5,030,036)		(5,859,228)
Other revenues (expenses), gains and (losses)		635,728		5,214,611
Other affiliated foundation revenues			865,497	774,367
Other affiliated foundation expenses			(22,897,696)	(22,748,745)
Transfers (to) from other University System of Maryland institutions		<u>(1,089,255)</u>		<u>(80,721)</u>
<b>Total nonoperating revenues (expenses)</b>		<u>196,918,006</u>	15,691,577	<u>210,713,070</u>
<b>Income before other revenues</b>		<u>12,977,146</u>	15,691,577	<u>39,960,070</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		2,734,011		9,369,919
Capital gifts and grants		115,278		90,370
Additions to permanent endowments		<u>858,594</u>		<u>490,527</u>
<b>Total other revenues</b>		<u>3,707,883</u>		<u>9,950,816</u>
<b>Increase in net assets</b>		16,685,029	15,691,577	49,910,886
<b>Net assets - beginning of year</b>		<u>793,234,425</u>	<u>197,962,672</u>	<u>743,323,539</u>
<b>Net assets - end of year</b>		<u>\$809,919,454</u>	<u>\$213,654,249</u>	<u>\$793,234,425</u>

**UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$96,776,022	\$89,037,460
Research contracts and grants	435,043,178	454,264,292
Payments to employees	(658,480,487)	(627,957,412)
Payments to suppliers and contractors	(240,812,136)	(268,470,452)
Loans issued to students	(3,399,595)	(4,155,439)
Collections of loans to students	3,855,312	4,150,943
Auxiliary enterprises:		
Residential facilities	784,907	753,997
Parking facilities	11,993,486	12,269,807
Other	14,529,685	14,537,725
Other receipts	240,854,679	204,300,855
	<u>(98,854,949)</u>	<u>(121,268,224)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	185,039,951	182,151,364
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	858,594	490,527
Pell grants	610,299	694,707
	<u>186,508,844</u>	<u>183,336,598</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	19,688,059	12,314,207
Capital appropriations	2,734,011	9,369,919
Capital grants and gifts received		90,367
Proceeds from sales of capital assets	822,961	222,418
Purchases of capital assets	(39,837,583)	(46,471,942)
Principal paid on debt and capital leases	(27,432,922)	(19,952,667)
Interest paid on debt and capital leases	(6,088,944)	(6,823,882)
Transfers (to) from other University System of Maryland institutions	(2,371,034)	6,003,972
	<u>(52,485,452)</u>	<u>(45,247,608)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	4,080,474	3,913,323
Interest on investments	3,626,198	4,891,539
Investment expense	(286,179)	(338,004)
Purchases of investments	(858,594)	(539,770)
	<u>6,561,899</u>	<u>7,927,088</u>
<b>Net cash provided by investing activities</b>		
	<u>6,561,899</u>	<u>7,927,088</u>
<b>Net increase in cash and cash equivalents</b>	41,730,342	24,747,854
<b>Cash and cash equivalents - beginning of the year</b>	<u>185,671,555</u>	<u>160,923,701</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$227,401,897</u>	<u>\$185,671,555</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**BALANCE SHEET**  
**JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$564,146,527	\$24,292,947	\$503,534,831	\$23,509,700
Accounts receivable, net	86,477,706	37,482,543	82,542,884	40,821,440
Notes receivable, current portion	1,514,602		1,536,758	
Inventories	3,358,732		2,912,470	
Prepaid expenses, deferred charges and other assets	1,150,128	379,434	1,846,848	811,827
Inter-institutional balances	44,106		341,640	
<b>Total current assets</b>	<b>656,691,801</b>	<b>62,154,924</b>	<b>592,715,431</b>	<b>65,142,967</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	11,861,551		3,896,557	
Accounts receivable, net		33,143,115		37,143,139
Endowment investments	95,433,606	316,359,209	100,519,319	316,947,128
Other investments	5,128,471	177,282,911	3,403,621	164,353,442
Notes receivable, net	9,398,557		9,597,303	
Other assets		1,049,850		946,703
Capital assets, net	1,532,079,749	3,596,669	1,477,511,088	23,397,232
<b>Total noncurrent assets</b>	<b>1,653,901,934</b>	<b>531,431,754</b>	<b>1,594,927,888</b>	<b>542,787,644</b>
<b>Total assets</b>	<b>\$2,310,593,735</b>	<b>\$593,586,678</b>	<b>\$2,187,643,319</b>	<b>\$607,930,611</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$96,851,040	\$4,032,510	\$83,805,741	\$2,536,991
Accrued workers' compensation, current portion	1,992,990		1,835,978	
Accrued vacation costs, current portion	20,359,751		22,869,517	
Revenue bonds and notes payable, current portion	31,908,955		34,706,604	
Deferred revenue	65,682,515	1,836,287	65,036,173	2,270,829
Current portion of obligations under capital lease obligations	296,434		277,430	
<b>Total current liabilities</b>	<b>217,091,685</b>	<b>5,868,797</b>	<b>208,531,443</b>	<b>4,807,820</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	10,865,010		10,009,039	
Accrued vacation costs	33,890,869		30,808,668	
Endowments invested on behalf of primary government		95,394,083		100,479,949
Other payables		3,867,811		3,236,982
Revenue bonds and notes payable	301,170,343		298,937,326	
Obligations under capital lease agreements	2,976,189		3,272,623	
<b>Total noncurrent liabilities</b>	<b>348,902,411</b>	<b>99,261,894</b>	<b>343,027,656</b>	<b>103,716,931</b>
<b>Total liabilities</b>	<b>565,994,096</b>	<b>105,130,691</b>	<b>551,559,099</b>	<b>108,524,751</b>
<b>NET ASSETS</b>				
Unrestricted	441,925,863	60,267,901	386,193,195	62,294,611
Invested in capital assets, net	1,195,727,828		1,141,528,969	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,385,708	97,173,526	5,207,042	88,863,118
Research	3,510,642	1,934,592	3,499,667	1,998,279
Other	4,761,296	163,259,048	3,623,179	166,143,260
Expendable:				
Scholarships and fellowships	9,593,675	42,336,131	10,754,446	45,591,457
Research	63,355,729	13,281,344	64,517,311	11,985,021
Loans	10,793,359		11,279,545	
Capital projects	2,868,191		1,960,912	
Other	6,677,348	110,203,445	7,519,954	122,530,114
<b>Total net assets</b>	<b>1,744,599,639</b>	<b>488,455,987</b>	<b>1,636,084,220</b>	<b>499,405,860</b>
<b>Total liabilities and net assets</b>	<b>\$2,310,593,735</b>	<b>\$593,586,678</b>	<b>\$2,187,643,319</b>	<b>\$607,930,611</b>

**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$463,244,720		\$443,973,524	
Less: scholarship allowances	(67,106,577)	\$396,138,143	(67,729,981)	\$376,243,543
Federal grants and contracts		357,567,671		347,217,675
State and local grants and contracts		55,926,178		54,308,774
Nongovernmental grants and contracts		71,741,890		67,383,989
Sales and services of educational departments		26,278,906		25,658,611
Auxiliary enterprises:				
Residential facilities	52,301,772		49,126,288	
Less: scholarship allowances	(5,212,732)	47,089,040	(5,698,629)	43,427,659
Dining facilities	47,376,695		44,238,571	
Less: scholarship allowances	(2,627,656)	44,749,039	(2,777,220)	41,461,351
Intercollegiate athletics		53,172,661		47,025,493
Parking facilities		13,513,875		12,577,066
Other auxiliary enterprises revenues		45,729,625		46,568,261
Other operating revenues		32,714,562		33,897,360
<b>Total operating revenues</b>	<b>1,144,621,590</b>		<b>1,095,769,782</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		418,877,865		391,856,414
Research		404,022,792		384,539,113
Public service		93,494,029		88,616,350
Academic support		137,381,882		135,135,408
Student services		46,193,075		43,533,686
Institutional support		94,843,441		88,240,611
Operation and maintenance of plant		94,835,102		98,913,012
Scholarships and fellowships		30,740,057		29,310,156
Auxiliary enterprises:				
Residential facilities		54,110,865		52,969,792
Dining facilities		47,995,558		43,785,770
Intercollegiate athletics		53,164,768		49,733,289
Parking facilities		9,666,574		8,387,747
Other auxiliary enterprises expenses		47,568,196		44,276,324
<b>Total operating expenses</b>		<b>1,532,884,204</b>		<b>1,459,297,672</b>
<b>Operating income (loss)</b>		<b>(388,262,614)</b>		<b>(363,527,890)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		414,752,096		407,234,194
Pell grants		21,748,072		22,805,121
Gifts		27,208,895	\$51,118,714	18,375,935
Investment income	8,989,403		3,783,336	30,367,349
Less: Investment expense	(371,776)	8,617,627	(444,302)	29,923,047
Interest on indebtedness		(11,307,992)		(13,045,793)
Other revenues (expenses), gains and (losses)		(1,332,365)		135,304
Other affiliated foundation revenues			6,380,252	4,555,023
Other affiliated foundation expenses			(72,232,175)	(57,301,133)
Transfers (to) from other University System of Maryland institutions		(5,823,314)		(2,871,660)
<b>Total nonoperating revenues (expenses)</b>		<b>453,863,019</b>	<b>(10,949,873)</b>	<b>462,556,148</b>
<b>Income before other revenues</b>		<b>65,600,405</b>	<b>(10,949,873)</b>	<b>99,028,258</b>
<b>OTHER REVENUES:</b>				
Capital appropriations		35,524,624		26,364,679
Capital gifts and grants		6,062,632		17,905,953
Additions to permanent endowments		1,327,758		30,920
<b>Total other revenues</b>		<b>42,915,014</b>		<b>44,301,552</b>
<b>Increase (decrease) in net assets</b>		<b>108,515,419</b>	<b>(10,949,873)</b>	<b>143,329,810</b>
<b>Net assets - beginning of year</b>		<b>1,636,084,220</b>	<b>499,405,860</b>	<b>1,492,754,410</b>
<b>Net assets - end of year</b>		<b>\$1,744,599,639</b>	<b>\$488,455,987</b>	<b>\$1,636,084,220</b>



**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$396,087,820	\$365,916,110
Research contracts and grants	474,520,584	468,287,165
Payments to employees	(1,031,565,259)	(979,455,413)
Payments to suppliers and contractors	(403,153,488)	(408,053,964)
Loans issued to students	(1,873,545)	(2,214,861)
Collections of loans to students	2,094,447	1,394,974
Auxiliary enterprises:		
Residential facilities	47,045,714	43,531,119
Dining facilities	44,726,599	41,529,666
Intercollegiate athletics	58,743,255	50,718,402
Parking facilities	13,513,875	12,577,066
Other	46,077,062	49,173,010
Other receipts	88,767,735	84,226,514
<b>Net cash provided (used) by operating activities</b>	<b>(265,015,201)</b>	<b>(272,370,212)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	414,752,096	407,234,194
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	57,380	30,920
Pell grants	21,748,072	22,805,121
<b>Net cash provided by noncapital financing activities</b>	<b>436,557,548</b>	<b>430,070,235</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	67,229,258	22,613,594
Capital appropriations	35,524,624	26,364,679
Capital grants and gifts received	5,675,137	11,659,897
Proceeds from sales of capital assets	1,319,403	63,903
Purchases of capital assets	(138,692,839)	(154,810,840)
Principal paid on debt and capital leases	(82,662,287)	(46,837,670)
Interest paid on debt and capital leases	(14,411,243)	(14,425,926)
Transfers (to) from other University System of Maryland institutions	11,073,800	12,129,090
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(114,944,147)</b>	<b>(143,243,273)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	5,469,979	5,701,794
Interest on investments	7,021,388	14,703,049
Investment expense	(371,776)	(444,302)
Purchases of investments	(141,101)	(111,915)
<b>Net cash provided by investing activities</b>	<b>11,978,490</b>	<b>19,848,626</b>
<b>Net increase in cash and cash equivalents</b>	<b>68,576,690</b>	<b>34,305,376</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>507,431,388</b>	<b>473,126,012</b>
<b>Cash and cash equivalents - end of the year</b>	<b>\$576,008,078</b>	<b>\$507,431,388</b>

**BOWIE STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$48,598,832	\$868,842	\$42,655,213	\$517,935
Accounts receivable, net	2,420,282	621,443	2,195,196	1,168,119
Notes receivable, current portion	67,240		89,214	
Prepaid expenses, deferred charges and other assets	5,423	6,307	8,122	10,901
Inter-institutional balances	185,649		(302,527)	
<b>Total current assets</b>	<u>51,277,426</u>	<u>1,496,592</u>	<u>44,645,218</u>	<u>1,696,955</u>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	16,082		137,845	
Endowment investments		5,526,357		5,603,224
Notes receivable, net	783,998		773,412	
Capital assets, net	152,546,093	6,336	136,572,640	3,750
<b>Total noncurrent assets</b>	<u>153,346,173</u>	<u>5,532,693</u>	<u>137,483,897</u>	<u>5,606,974</u>
<b>Total assets</b>	<u>\$204,623,599</u>	<u>\$7,029,285</u>	<u>\$182,129,115</u>	<u>\$7,303,929</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$5,639,348	\$72,556	\$8,035,437	\$42,477
Accrued workers' compensation, current portion	146,165		131,085	
Accrued vacation costs, current portion	948,518		1,284,843	
Revenue bonds and notes payable, current portion	897,632	8,500	697,248	8,500
Deferred revenue	4,129,333	85,060	3,520,133	60,957
<b>Total current liabilities</b>	<u>11,760,996</u>	<u>166,116</u>	<u>13,668,746</u>	<u>111,934</u>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	796,835		714,623	
Accrued vacation costs	1,428,021		970,374	
Other payables		5,818		3,789
Revenue bonds and notes payable	19,757,142		15,142,632	
<b>Total noncurrent liabilities</b>	<u>21,981,998</u>	<u>5,818</u>	<u>16,827,629</u>	<u>3,789</u>
<b>Total liabilities</b>	<u>33,742,994</u>	<u>171,934</u>	<u>30,496,375</u>	<u>115,723</u>
<b>NET ASSETS</b>				
Unrestricted	37,916,658	356,985	29,678,137	417,524
Invested in capital assets, net	131,891,319		120,732,760	
Restricted:				
Nonexpendable:				
Other		4,464,165		4,089,121
Expendable:				
Loans	1,056,546		1,083,998	
Capital projects	16,082		137,845	
Other		2,036,201		2,681,561
<b>Total net assets</b>	<u>170,880,605</u>	<u>6,857,351</u>	<u>151,632,740</u>	<u>7,188,206</u>
<b>Total liabilities and net assets</b>	<u>\$204,623,599</u>	<u>\$7,029,285</u>	<u>\$182,129,115</u>	<u>\$7,303,929</u>

**BOWIE STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$32,845,995		\$32,511,893	
Less: scholarship allowances	(11,873,636)	\$20,972,359	(11,366,550)	\$21,145,343
Federal grants and contracts		6,351,685		7,878,545
State and local grants and contracts		1,607,584		1,106,048
Nongovernmental grants and contracts		565,437		200,984
Sales and services of educational departments		352,961		70,015
Auxiliary enterprises:				
Residential facilities	4,281,145		4,325,909	
Less: scholarship allowances	(274,858)	4,006,287	(267,681)	4,058,228
Dining facilities	3,768,660		3,534,257	
Less: scholarship allowances	(652,854)	3,115,806	(673,098)	2,861,159
Intercollegiate athletics	3,096,042		3,192,945	
Less: scholarship allowances	(441,443)	2,654,599	(614,135)	2,578,810
Parking facilities		383,097		321,737
Other auxiliary enterprises revenues		4,116,362		3,955,764
<b>Total operating revenues</b>	<b>44,126,177</b>		<b>44,176,633</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		28,519,319		26,602,745
Research		901,722		1,654,639
Public service		723,427		910,391
Academic support		11,667,303		9,202,687
Student services		6,014,129		5,617,539
Institutional support		12,804,141		14,468,209
Operation and maintenance of plant		6,561,090		8,120,368
Scholarships and fellowships		1,508,149		1,417,657
Auxiliary enterprises:				
Residential facilities		3,473,648		3,519,538
Dining facilities		3,684,027		3,405,240
Intercollegiate athletics		3,163,295		3,090,149
Other auxiliary enterprises expenses		2,003,342		2,144,191
<b>Total operating expenses</b>		<b>81,023,592</b>		<b>80,153,353</b>
<b>Operating income (loss)</b>		<b>(36,897,415)</b>		<b>(35,976,720)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		35,828,720		34,630,834
Pell grants		10,073,556		9,505,019
Gifts			\$872,446	303,653
Investment income		548,669	12,696	950,666
Interest on indebtedness		(595,385)		(618,053)
Other affiliated foundation revenues			202,245	204,232
Other affiliated foundation expenses			(1,418,242)	(1,422,700)
Transfers (to) from other University System of Maryland institutions		(1,059,945)		(639,689)
<b>Total nonoperating revenues (expenses)</b>		<b>44,795,615</b>	<b>(330,855)</b>	<b>44,132,430</b>
<b>Income before other revenue</b>		<b>7,898,200</b>	<b>(330,855)</b>	<b>8,155,710</b>
<b>OTHER REVENUE:</b>				
Capital appropriations		11,349,665		32,648,280
<b>Total other revenue</b>		<b>11,349,665</b>		<b>32,648,280</b>
<b>Increase (decrease) in net assets</b>		<b>19,247,865</b>	<b>(330,855)</b>	<b>40,803,990</b>
<b>Net assets - beginning of year</b>		<b>151,632,740</b>	<b>7,188,206</b>	<b>110,828,750</b>
<b>Net assets - end of year</b>		<b>\$170,880,605</b>	<b>\$6,857,351</b>	<b>\$151,632,740</b>

**BOWIE STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$20,808,139	\$21,402,003
Research contracts and grants	10,094,155	9,653,574
Payments to employees	(51,290,138)	(49,653,927)
Payments to suppliers and contractors	(25,678,136)	(25,268,011)
Loans issued to students	(65,600)	(41,054)
Collections of loans to students	76,988	89,214
Auxiliary enterprises:		
Residential facilities	4,006,287	4,058,228
Dining facilities	3,115,806	2,861,159
Intercollegiate athletics	2,654,599	2,578,810
Parking facilities	383,097	321,737
Other	4,116,362	3,955,764
Other receipts (payments)	(507,247)	594,045
<b>Net cash provided (used) by operating activities</b>	<b>(32,285,688)</b>	<b>(29,448,458)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	35,828,720	34,630,834
Pell grants	10,073,556	9,505,019
<b>Net cash provided by noncapital financing activities</b>	<b>45,902,276</b>	<b>44,135,853</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	5,555,463	1,611,165
Capital appropriations	11,349,665	32,648,280
Purchases of capital assets	(22,376,393)	(40,319,720)
Principal paid on debt and capital leases	(1,483,129)	(1,754,881)
Interest paid on debt and capital leases	(661,546)	(682,311)
Transfers (to) from other University System of Maryland institutions	(727,461)	1,592,562
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(8,343,401)</b>	<b>(6,904,905)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	548,669	950,666
<b>Net cash provided by investing activities</b>	<b>548,669</b>	<b>950,666</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,821,856</b>	<b>8,733,156</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>42,793,058</b>	<b>34,059,902</b>
<b>Cash and cash equivalents - end of the year</b>	<b>\$48,614,914</b>	<b>\$42,793,058</b>

**TOWSON UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$193,769,409	\$3,564,722	\$186,261,120	\$4,134,570
Accounts receivable, net	17,469,934	179,794	11,305,427	222,285
Notes receivable, current portion	1,461,521		1,379,764	
Inventories	3,630,392		2,806,751	
Prepaid expenses, deferred charges and other assets	2,373,492	169,942	2,975,733	156,201
Inter-institutional balances	378,428		317,879	
<b>Total current assets</b>	<b>219,083,176</b>	<b>3,914,458</b>	<b>205,046,674</b>	<b>4,513,056</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	52,227		47,227	
Accounts receivable, net		522,006		513,761
Endowment investments	4,182,778	48,666,519	4,374,404	38,684,855
Other investments		4,114,927		12,164,325
Notes receivable, net	10,892,833		11,605,539	
Other assets		1,200,000		1,200,000
Capital assets, net	571,518,425	3,634	494,201,187	3,369
<b>Total noncurrent assets</b>	<b>586,646,263</b>	<b>54,507,086</b>	<b>510,228,357</b>	<b>52,566,310</b>
<b>Total assets</b>	<b>\$805,729,439</b>	<b>\$58,421,544</b>	<b>\$715,275,031</b>	<b>\$57,079,366</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$29,424,970	\$266,187	\$23,624,141	\$296,140
Accrued workers' compensation, current portion	283,960		286,876	
Accrued vacation costs, current portion	3,768,879		4,544,582	
Revenue bonds and notes payable, current portion	10,073,004	1,000,000	7,625,769	1,000,000
Deferred revenue	10,682,133		8,781,546	
<b>Total current liabilities</b>	<b>54,232,946</b>	<b>1,266,187</b>	<b>44,862,914</b>	<b>1,296,140</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	1,548,040		1,563,936	
Accrued vacation costs	5,550,525		5,908,685	
Endowments invested on behalf of primary government		4,114,927		4,311,727
Revenue bonds and notes payable	213,182,640		154,103,779	
Obligations under capital lease agreements	10,493,036		10,493,036	
<b>Total noncurrent liabilities</b>	<b>230,774,241</b>	<b>4,114,927</b>	<b>172,069,436</b>	<b>4,311,727</b>
<b>Total liabilities</b>	<b>285,007,187</b>	<b>5,381,114</b>	<b>216,932,350</b>	<b>5,607,867</b>
<b>NET ASSETS</b>				
Unrestricted	166,192,256	2,749,334	158,042,130	2,324,593
Invested in capital assets, net	337,769,745		321,978,603	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025	21,027,428	238,038	20,338,057
Research		10,003		10,003
Other		13,344,540		13,308,964
Expendable:				
Scholarships and fellowships	3,600	5,448,293	16,386	5,538,523
Research		3,639	1,192,205	3,542
Loans	14,067,270		14,311,971	
Other	2,424,356	10,457,193	2,563,348	9,947,817
<b>Total net assets</b>	<b>520,722,252</b>	<b>53,040,430</b>	<b>498,342,681</b>	<b>51,471,499</b>
<b>Total liabilities and net assets</b>	<b>\$805,729,439</b>	<b>\$58,421,544</b>	<b>\$715,275,031</b>	<b>\$57,079,366</b>

**TOWSON UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$162,784,079		\$158,291,117	
Less: scholarship allowances	<u>(38,140,985)</u>	\$124,643,094	<u>(35,902,754)</u>	\$122,388,363
Federal grants and contracts		3,122,304		2,747,314
State and local grants and contracts		7,316,210		7,338,230
Nongovernmental grants and contracts		2,093,008		1,738,290
Sales and services of educational departments		4,036,249		4,009,395
Auxiliary enterprises:				
Residential facilities	22,010,828		18,875,858	
Less: scholarship allowances	<u>(1,038,997)</u>	20,971,831	<u>(866,683)</u>	18,009,175
Dining facilities	20,650,614		18,461,564	
Less: scholarship allowances	<u>(469,728)</u>	20,180,886	<u>(466,926)</u>	17,994,638
Intercollegiate athletics	17,401,323		15,413,926	
Less: scholarship allowances	<u>(2,746,504)</u>	14,654,819	<u>(2,410,822)</u>	13,003,104
Bookstore	9,346,762		9,306,681	
Less: scholarship allowances	<u>(1,501,047)</u>	7,845,715	<u>(1,415,880)</u>	7,890,801
Parking facilities	8,186,508		6,503,378	
Less: scholarship allowances		8,186,508	<u>(12,337)</u>	6,491,041
Other auxiliary enterprises revenues		27,867,959		27,460,940
Other operating revenues				10,032
<b>Total operating revenues</b>		<u>240,918,583</u>		<u>229,081,323</u>
<b>OPERATING EXPENSES:</b>				
Instruction		108,709,031		99,188,354
Research		4,379,962		3,777,263
Public service		18,129,207		15,264,701
Academic support		38,600,899		35,154,414
Student services		16,779,877		15,831,661
Institutional support		35,176,037		33,377,361
Operation and maintenance of plant		34,219,376		23,163,641
Scholarships and fellowships		9,823,804		9,918,598
Auxiliary enterprises:				
Residential facilities		13,693,362		13,678,254
Dining facilities		16,924,508		15,260,281
Intercollegiate athletics		15,717,525		13,460,126
Bookstore		8,344,724		8,994,691
Parking facilities		4,621,542		3,864,241
Other auxiliary enterprises expenses		<u>15,538,450</u>		<u>14,866,948</u>
<b>Total operating expenses</b>		<u>340,658,304</u>		<u>305,800,534</u>
<b>Operating income (loss)</b>		<u>(99,739,721)</u>		<u>(76,719,211)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		90,924,480		88,781,205
Pell grants		17,797,551		16,687,965
Gifts		1,070,555	\$4,994,656	1,190,127
Investment income	2,774,256		1,051,537	\$3,503,362
Less: Investment expense	<u>(15,953)</u>	2,758,303		8,349,017
Interest on indebtedness		(7,059,390)		(5,362,893)
Other revenues (expenses), gains and (losses)		11,610,508		10,655,341
Other affiliated foundation revenues			1,527,732	1,721,370
Other affiliated foundation expenses			(6,004,994)	(5,977,259)
Transfers (to) from other University System of Maryland institutions		<u>(6,264,461)</u>		<u>(5,895,081)</u>
<b>Total nonoperating revenues (expenses)</b>		<u>110,837,546</u>	1,568,931	<u>111,125,483</u>
<b>Income before other revenues</b>		<u>11,097,825</u>	1,568,931	<u>34,406,272</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		11,210,089		28,306,260
Capital gifts and grants		44,670		18,242
Additions to permanent endowments		<u>26,987</u>		
<b>Total other revenue</b>		<u>11,281,746</u>		<u>28,324,502</u>
<b>Increase in net assets</b>		22,379,571	1,568,931	62,730,774
<b>Net assets - beginning of year</b>		498,342,681	51,471,499	435,611,907
<b>Net assets - end of year</b>		<u>\$520,722,252</u>	<u>\$53,040,430</u>	<u>\$498,342,681</u>

**TOWSON UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$124,702,331	\$123,037,108
Research contracts and grants	10,915,163	11,288,889
Payments to employees	(201,661,581)	(190,128,445)
Payments to suppliers and contractors	(108,821,603)	(95,408,294)
Loans issued to students	(1,456,076)	(2,056,337)
Collections of loans to students	2,087,025	2,099,542
Auxiliary enterprises:		
Residential facilities	21,002,928	18,063,434
Dining facilities	20,176,836	17,925,654
Intercollegiate athletics	8,235,682	12,959,418
Bookstore	14,328,838	8,020,221
Parking facilities	7,343,796	6,665,693
Other	27,788,933	27,355,416
Other receipts	14,844,657	20,347,736
	<b>Net cash provided (used) by operating activities</b>	<b>(39,829,965)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	90,924,480	88,781,205
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	26,987	
Pell grants	17,797,551	16,687,965
	<b>Net cash provided by noncapital financing activities</b>	<b>105,469,170</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	42,664,494	24,391,504
Capital appropriations	11,210,089	28,306,260
Purchases of capital assets	(103,384,332)	(107,347,212)
Principal paid on debt and capital leases	(17,416,709)	(13,618,622)
Interest paid on debt and capital leases	(7,526,204)	(5,554,284)
Transfers (to) from other University System of Maryland institutions	30,780,075	40,779,918
	<b>Net cash provided (used) by capital and related financing activities</b>	<b>(33,042,436)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	234,277	242,700
Interest on investments	2,758,592	4,402,894
Investment expense	(15,953)	(19,071)
Purchases of investments	(26,987)	
	<b>Net cash provided by investing activities</b>	<b>4,626,523</b>
	<b>Net increase in cash and cash equivalents</b>	<b>37,223,292</b>
	<b>Cash and cash equivalents - beginning of the year</b>	<b>149,085,055</b>
	<b>Cash and cash equivalents - end of the year</b>	<b>\$186,308,347</b>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$17,967,962		\$18,871,870	
Accounts receivable, net	5,784,338	\$621,848	5,193,688	\$958,478
Notes receivable, current portion	1,131,934		773,529	
Prepaid expenses, deferred charges and other assets		1,316		3,723
Inter-institutional balances	85,849		100,727	
<b>Total current assets</b>	<b>24,970,083</b>	<b>623,164</b>	<b>24,939,814</b>	<b>962,201</b>
<b>Noncurrent assets:</b>				
Accounts receivable, net		140,509		219,871
Endowment investments	3,725,938	20,488,266	3,460,793	20,578,153
Other investments		4,144,101		3,847,089
Notes receivable, net	4,394,486		2,926,023	
Capital assets, net	165,497,904		171,135,579	
<b>Total noncurrent assets</b>	<b>173,618,328</b>	<b>24,772,876</b>	<b>177,522,395</b>	<b>24,645,113</b>
<b>Total assets</b>	<b>\$198,588,411</b>	<b>\$25,396,040</b>	<b>\$202,462,209</b>	<b>\$25,607,314</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$6,141,878	\$30,819	\$6,478,681	\$55,613
Accrued workers' compensation, current portion	153,915		140,925	
Accrued vacation costs, current portion	1,140,637		1,322,597	
Revenue bonds and notes payable, current portion	3,649,201		5,231,898	
Deferred revenue	1,486,757		992,375	
<b>Total current liabilities</b>	<b>12,572,388</b>	<b>30,819</b>	<b>14,166,476</b>	<b>55,613</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	839,085		768,266	
Accrued vacation costs	2,943,394		2,841,925	
Endowments invested on behalf of primary government		3,726,041		3,460,792
Revenue bonds and notes payable	44,566,776		47,136,543	
<b>Total noncurrent liabilities</b>	<b>48,349,255</b>	<b>3,726,041</b>	<b>50,746,734</b>	<b>3,460,792</b>
<b>Total liabilities</b>	<b>60,921,643</b>	<b>3,756,860</b>	<b>64,913,210</b>	<b>3,516,405</b>
<b>NET ASSETS</b>				
Unrestricted	10,347,469	1,990,805	9,214,263	2,033,652
Invested in capital assets, net	117,281,927		118,767,138	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009	9,307,395	28,009	8,096,268
Research		259,479		228,769
Other		7,179,686		8,768,962
Expendable:				
Scholarships and fellowships	2,036,896	889,351	1,744,320	945,786
Research		576,051		504,006
Loans	6,676,875		6,749,253	
Other	1,295,592	1,436,413	1,046,016	1,513,466
<b>Total net assets</b>	<b>137,666,768</b>	<b>21,639,180</b>	<b>137,548,999</b>	<b>22,090,909</b>
<b>Total liabilities and net assets</b>	<b>\$198,588,411</b>	<b>\$25,396,040</b>	<b>\$202,462,209</b>	<b>\$25,607,314</b>



**UNIVERSITY OF MARYLAND EASTERN SHORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$29,712,752		\$25,966,144	
Less: scholarship allowances	(13,441,000)	\$16,271,752	(13,741,695)	\$12,224,449
Federal grants and contracts		11,797,936		9,913,917
State and local grants and contracts		7,967,714		11,257,204
Nongovernmental grants and contracts		972,821		790,019
Sales and services of educational departments		121,400		93,816
Auxiliary enterprises:				
Residential facilities	10,689,675		10,881,105	
Less: scholarship allowances	(813,706)	9,875,969	(822,400)	10,058,705
Dining facilities	7,296,744		7,405,092	
Less: scholarship allowances	(1,058,200)	6,238,544	(986,279)	6,418,813
Intercollegiate athletics		2,561,557		2,571,690
Parking facilities		159,808		151,581
Other auxiliary enterprises revenues		5,798,695		5,965,266
Other operating revenues		3,562,569		1,903,429
<b>Total operating revenues</b>	<b>65,328,765</b>		<b>61,348,889</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		31,399,566		29,252,945
Research		13,049,777		12,786,517
Public service		1,032,335		489,883
Academic support		10,439,063		9,687,628
Student services		5,745,508		4,759,420
Institutional support		10,035,918		9,760,784
Operation and maintenance of plant		11,024,291		9,371,529
Scholarships and fellowships		447,741		248,501
Auxiliary enterprises:				
Residential facilities		8,039,051		7,927,289
Dining facilities		5,898,818		5,826,108
Intercollegiate athletics		4,108,890		3,375,240
Other auxiliary enterprises expenses		6,190,497		5,309,813
<b>Total operating expenses</b>		<b>107,411,455</b>		<b>98,795,657</b>
<b>Operating income (loss)</b>		<b>(42,082,690)</b>		<b>(37,446,768)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		32,447,596		31,520,443
Pell grants		9,790,688		9,873,207
Gifts		366,000	\$441,215	343,000
Investment income	453,637		171,442	\$813,747
Less: Investment expense	(12,805)	440,832	1,045,444	2,469,572
Interest on indebtedness		(1,798,212)	(13,343)	1,032,101
Other revenues (expenses), gains and (losses)		(1,349,676)		(2,125,629)
Other affiliated foundation revenues				72,605
Other affiliated foundation expenses			(3,665)	24,382
Transfers (to) from other University System of Maryland institutions		478,523	(1,060,721)	(746,585)
<b>Total nonoperating revenues (expenses)</b>		<b>40,375,751</b>	<b>(451,729)</b>	<b>41,016,765</b>
<b>Income before other revenue</b>		<b>(1,706,939)</b>	<b>(451,729)</b>	<b>3,569,997</b>
<b>OTHER REVENUE:</b>				
Capital appropriations		1,824,708		6,870
<b>Total other revenue</b>		<b>1,824,708</b>		<b>6,870</b>
<b>Increase (decrease) in net assets</b>		<b>117,769</b>	<b>(451,729)</b>	<b>3,576,867</b>
<b>Net assets - beginning of year</b>		<b>137,548,999</b>	<b>22,090,909</b>	<b>133,972,132</b>
<b>Net assets - end of year</b>		<b>\$137,666,768</b>	<b>\$21,639,180</b>	<b>\$137,548,999</b>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$16,107,481	\$14,505,909
Research contracts and grants	21,050,211	21,296,817
Payments to employees	(68,715,893)	(64,288,959)
Payments to suppliers and contractors	(30,314,595)	(29,076,462)
Loans issued to students	(2,816,780)	(1,036,125)
Collections of loans to students	989,913	1,114,697
Auxiliary enterprises:		
Residential facilities	9,875,969	10,058,705
Dining facilities	6,238,544	6,418,813
Intercollegiate athletics	2,561,557	2,571,690
Parking facilities	159,808	151,581
Other	5,554,958	6,309,311
Other receipts	4,014,781	2,195,763
<b>Net cash provided (used) by operating activities</b>	<b>(35,294,046)</b>	<b>(29,778,260)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	32,447,596	31,520,443
Pell grants	9,790,688	9,873,207
<b>Net cash provided by noncapital financing activities</b>	<b>42,238,284</b>	<b>41,393,650</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	7,078,707	4,422,296
Capital appropriations	1,824,708	6,870
Purchases of capital assets	(4,341,597)	(2,688,122)
Principal paid on debt and capital leases	(11,341,227)	(8,427,259)
Interest paid on debt and capital leases	(2,309,833)	(2,658,381)
Transfers (to) from other University System of Maryland institutions	1,065,409	1,142,854
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(8,023,833)</b>	<b>(8,201,742)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	114,674	69,038
Interest on investments	439,818	574,257
Investment expense	(12,805)	(13,343)
Purchases of investments	(366,000)	(343,000)
<b>Net cash provided (used) by investing activities</b>	<b>175,687</b>	<b>286,952</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>(903,908)</b>	<b>3,700,600</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>18,871,870</b>	<b>15,171,270</b>
<b>Cash and cash equivalents - end of the year</b>	<b>\$17,967,962</b>	<b>\$18,871,870</b>

**FROSTBURG STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$28,124,607	\$536,425	\$27,923,501	\$651,789
Accounts receivable, net	2,152,931	850,936	1,956,903	880,513
Notes receivable, current portion	114,386		102,470	
Inventories	882,576		1,180,475	
Prepaid expenses, deferred charges and other assets	699,795	182,498	580,733	166,618
Inter-institutional balances	195,658		238,717	
<b>Total current assets</b>	<b>32,169,953</b>	<b>1,569,859</b>	<b>31,982,799</b>	<b>1,698,920</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	208,652		286,239	
Endowment investments	1,066,915	14,464,881	1,058,926	14,455,783
Other investments		1,849,630		1,874,069
Notes receivable, net	925,484		922,232	
Capital assets, net	90,299,567	1,136	85,917,898	1,295
<b>Total noncurrent assets</b>	<b>92,500,618</b>	<b>16,315,647</b>	<b>88,185,295</b>	<b>16,331,147</b>
<b>Total assets</b>	<b>\$124,670,571</b>	<b>\$17,885,506</b>	<b>\$120,168,094</b>	<b>\$18,030,067</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$7,612,296	\$28,031	\$6,737,173	\$17,451
Accrued workers' compensation, current portion	112,995		115,602	
Accrued vacation costs, current portion	3,079,908		3,164,513	
Revenue bonds and notes payable, current portion	1,253,838		1,486,050	
Deferred revenue	1,281,558	190,410	1,265,427	176,710
<b>Total current liabilities</b>	<b>13,340,595</b>	<b>218,441</b>	<b>12,768,765</b>	<b>194,161</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	616,005		630,220	
Revenue bonds and notes payable	22,558,993		24,091,541	
Endowments invested on behalf of primary government		1,066,915		1,058,926
<b>Total noncurrent liabilities</b>	<b>23,174,998</b>	<b>1,066,915</b>	<b>24,721,761</b>	<b>1,058,926</b>
<b>Total liabilities</b>	<b>36,515,593</b>	<b>1,285,356</b>	<b>37,490,526</b>	<b>1,253,087</b>
<b>NET ASSETS</b>				
Unrestricted	18,936,502	140,352	19,719,311	177,888
Invested in capital assets, net	66,486,736		60,340,307	
Restricted:				
Nonexpendable:				
Other	750,000		750,000	
Expendable:				
Scholarships and fellowships	1,625		1,905	
Research	427,543		200,081	
Loans	1,109,473		1,139,114	
Capital projects	208,652		286,239	
Other	234,447	16,459,798	240,611	16,599,092
<b>Total net assets</b>	<b>88,154,978</b>	<b>16,600,150</b>	<b>82,677,568</b>	<b>16,776,980</b>
<b>Total liabilities and net assets</b>	<b>\$124,670,571</b>	<b>\$17,885,506</b>	<b>\$120,168,094</b>	<b>\$18,030,067</b>

**FROSTBURG STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$32,877,215		\$32,253,517	
Less: scholarship allowances	<u>(7,425,763)</u>	\$25,451,452	<u>(7,556,928)</u>	\$24,696,589
Federal grants and contracts		2,018,614		2,756,915
State and local grants and contracts		2,006,908		1,719,589
Nongovernmental grants and contracts		179,733		130,987
Sales and services of educational departments		820,486		1,217,290
Auxiliary enterprises:				
Residential facilities	5,889,306		6,054,555	
Less: scholarship allowances	<u>(75,363)</u>	5,813,943	<u>(262,936)</u>	5,791,619
Dining facilities	7,422,613		7,271,167	
Less: scholarship allowances	<u>(21,914)</u>	7,400,699	<u>(44,395)</u>	7,226,772
Intercollegiate athletics	3,153,601		3,164,627	
Less: scholarship allowances	<u>(98,777)</u>	3,054,824	<u>(159,951)</u>	3,004,676
Bookstore	2,162,034		2,399,315	
Less: scholarship allowances	<u>(5,673)</u>	2,156,361	<u>(12,008)</u>	2,387,307
Other auxiliary enterprises revenues	4,667,982		4,651,950	
Less: scholarship allowances	<u>(37,606)</u>	4,630,376	<u>(79,753)</u>	4,572,197
Other operating revenues		<u>586,984</u>		<u>462,942</u>
<b>Total operating revenue</b>		<u>54,120,380</u>		<u>53,966,883</u>
<b>OPERATING EXPENSES:</b>				
Instruction		30,488,048		29,138,610
Research		294,373		629,687
Public service		3,562,469		3,548,582
Academic support		8,912,925		8,926,061
Student services		4,678,257		4,552,543
Institutional support		12,348,228		11,980,637
Operation and maintenance of plant		9,221,798		8,655,668
Scholarships and fellowships		5,952,685		5,510,034
Auxiliary enterprises:				
Residential facilities		4,104,037		4,571,513
Dining facilities		5,073,337		4,546,383
Intercollegiate athletics		3,263,232		2,982,208
Bookstore		2,301,604		2,424,520
Other auxiliary enterprises expenses		<u>3,880,747</u>		<u>3,798,532</u>
<b>Total operating expenses</b>		<u>94,081,740</u>		<u>91,264,978</u>
<b>Operating income (loss)</b>		<u>(39,961,360)</u>		<u>(37,298,095)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		33,471,091		32,485,294
Pell grants		7,014,715		6,922,005
Gifts		938,302	\$1,450,970	864,858
Investment income	420,862		234,848	891,544
Less: investment expense	<u>(3,918)</u>	416,944	<u>(4,425)</u>	887,119
Interest on indebtedness		(778,732)		(788,455)
Other revenues (expenses), gains and (losses)		(343,089)		(836,454)
Other affiliated foundation revenues			434,416	397,870
Other affiliated foundation expenses			(2,297,064)	(2,188,857)
Transfers (to) from other University System of Maryland institutions		<u>153,328</u>		<u>430,740</u>
<b>Total nonoperating revenues (expenses)</b>		<u>40,872,559</u>	<u>(176,830)</u>	<u>39,965,107</u>
<b>Income (loss) before other revenues</b>		<u>911,199</u>	<u>(176,830)</u>	<u>2,667,012</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		4,540,485		3,581,062
Capital gifts and grants		25,726		1,363,592
Additions to permanent endowments				<u>750,000</u>
<b>Total other revenues</b>		<u>4,566,211</u>		<u>5,694,654</u>
<b>Increase (decrease) in net assets</b>		<u>5,477,410</u>	<u>(176,830)</u>	<u>8,361,666</u>
<b>Net assets - beginning of year</b>		<u>82,677,568</u>	<u>16,776,980</u>	<u>74,315,902</u>
<b>Net assets - end of year</b>		<u>\$88,154,978</u>	<u>\$16,600,150</u>	<u>\$82,677,568</u>

**FROSTBURG STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$25,266,572	\$24,907,182
Research contracts and grants	4,234,511	4,459,338
Payments to employees	(59,717,836)	(57,179,545)
Payments to suppliers and contractors	(27,641,030)	(28,548,650)
Loans issued to students	(208,080)	(110,881)
Collections of loans to students	192,912	231,257
Auxiliary enterprises:		
Residential facilities	5,813,943	5,791,644
Dining facilities	7,361,019	7,229,305
Intercollegiate athletics	3,055,324	3,006,476
Bookstore	1,992,941	2,228,461
Other	4,632,915	4,478,529
Other receipts	2,250,048	1,751,365
<b>Net cash provided (used) by operating activities</b>	<b>(32,766,761)</b>	<b>(31,755,519)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	33,471,091	32,485,294
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes		750,000
Pell grants	7,014,715	6,922,005
<b>Net cash provided by noncapital financing activities</b>	<b>40,485,806</b>	<b>40,157,299</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	1,459,453	2,547,553
Capital appropriations	4,540,485	3,581,062
Capital grants and gifts received		1,200,000
Purchases of capital assets	(10,200,972)	(18,186,388)
Principal paid on debt and capital leases	(3,110,502)	(3,132,442)
Interest paid on debt and capital leases	(989,154)	(921,319)
Transfers (to) from other University System of Maryland institutions	296,209	10,209,973
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(8,004,481)</b>	<b>(4,701,561)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	2,594	2,703
Interest on investments	417,332	735,078
Investment expense	(3,918)	(4,425)
Purchases of investments	(7,053)	(4,630)
<b>Net cash provided by investing activities</b>	<b>408,955</b>	<b>728,726</b>
<b>Net increase in cash and cash equivalents</b>	<b>123,519</b>	<b>4,428,945</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>28,209,740</b>	<b>23,780,795</b>
<b>Cash and cash equivalents - end of the year</b>	<b>\$28,333,259</b>	<b>\$28,209,740</b>

**COPPIN STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$78,575	\$2,120,759	\$79,192	\$1,940,859
Accounts receivable, net	3,234,801	322,050	6,981,749	379,948
Notes receivable, current portion	56,192		94,588	
Inventories	108,085			
Prepaid expenses, deferred charges and other assets	200,310	10,483	2,747	4,388
Inter-institutional balances	(5,409,076)		(2,949,144)	
<b>Total current assets</b>	<b>(1,731,113)</b>	<b>2,453,292</b>	<b>4,209,132</b>	<b>2,325,195</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	169,298		155,094	
Endowment investments	778,550	7,648,921	815,839	8,092,040
Other investments		778,550		815,839
Notes receivable, net	1,455,594		783,103	
Other assets		222,107		193,211
Capital assets, net	278,378,379		273,231,002	
<b>Total noncurrent assets</b>	<b>280,781,821</b>	<b>8,649,578</b>	<b>274,985,038</b>	<b>9,101,090</b>
<b>Total assets</b>	<b>\$279,050,708</b>	<b>\$11,102,870</b>	<b>\$279,194,170</b>	<b>\$11,426,285</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$5,420,211	\$144,763	\$5,482,892	\$77,670
Accrued workers' compensation, current portion	152,210		196,733	
Accrued vacation costs, current portion	778,736		694,091	
Revenue bonds and notes payable, current portion	1,653,163		1,662,321	
Deferred revenue	1,854,970		2,302,501	69,582
<b>Total current liabilities</b>	<b>9,859,290</b>	<b>144,763</b>	<b>10,338,538</b>	<b>147,252</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	829,790		1,072,515	
Accrued vacation costs	2,765,807		2,243,836	
Endowments invested on behalf of primary government		778,550		815,839
Other payables		75		75
Revenue bonds and notes payable	28,915,720		29,424,666	
<b>Total noncurrent liabilities</b>	<b>32,511,317</b>	<b>778,625</b>	<b>32,741,017</b>	<b>815,914</b>
<b>Total liabilities</b>	<b>42,370,607</b>	<b>923,388</b>	<b>43,079,555</b>	<b>963,166</b>
<b>NET ASSETS</b>				
Unrestricted	(15,088,901)	349,204	(8,183,944)	325,326
Invested in capital assets, net	247,809,496		242,144,015	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	413,474		413,474	
Other	240,125	6,615,026	240,125	6,458,697
Expendable:				
Scholarships and fellowships	15,572			
Loans	3,121,037		1,345,851	
Capital projects	169,298		155,094	
Other		3,215,252		3,679,096
<b>Total net assets</b>	<b>236,680,101</b>	<b>10,179,482</b>	<b>236,114,615</b>	<b>10,463,119</b>
<b>Total liabilities and net assets</b>	<b>\$279,050,708</b>	<b>\$11,102,870</b>	<b>\$279,194,170</b>	<b>\$11,426,285</b>

**COPPIN STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$13,637,933		\$15,384,027	
Less: scholarship allowances	<u>(12,526,084)</u>	\$1,111,849	<u>(11,839,162)</u>	\$3,544,865
Federal grants and contracts		8,999,913		10,315,823
State and local grants and contracts		1,928,135		1,359,161
Nongovernmental grants and contracts		684,653		1,049,863
Sales and services of educational departments		798,166		
Auxiliary enterprises:				
Residential facilities	3,209,071		3,267,876	
Less: scholarship allowances	<u>(128,288)</u>	3,080,783		3,267,876
Dining facilities		2,455,863		1,812,498
Intercollegiate athletics	3,026,984		3,083,207	
Less: scholarship allowances	<u>(946,543)</u>	2,080,441	<u>(1,073,111)</u>	2,010,096
Parking facilities		1,929,445		1,208,900
Other auxiliary enterprises revenues		2,024,538		3,087,872
Other operating revenues				<u>480,298</u>
<b>Total operating revenues</b>	<u>25,093,786</u>		<u>28,137,252</u>	
<b>OPERATING EXPENSES:</b>				
Instruction		27,158,153		27,246,503
Research		62,667		145,364
Public service		468,543		590,971
Academic support		8,650,610		8,219,439
Student services		6,449,064		6,597,892
Institutional support		19,658,274		18,600,120
Operation and maintenance of plant		9,886,153		12,822,874
Scholarships and fellowships		390,802		517,233
Auxiliary enterprises:				
Residential facilities		1,795,041		2,443,208
Dining facilities		2,163,935		2,204,839
Intercollegiate athletics		3,501,020		3,859,265
Parking facilities		388,650		527,230
Other auxiliary enterprises expenses		<u>2,376,166</u>		<u>1,387,389</u>
<b>Total operating expenses</b>		<u>82,949,078</u>		<u>85,162,327</u>
<b>Operating income (loss)</b>		<u>(57,855,292)</u>		<u>(57,025,075)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		37,943,492		37,526,362
Pell grants		9,328,728		9,391,229
Gifts			\$1,459,181	\$947,099
Investment income (loss)	(12,622)		87,666	838,629
Less: Investment expense	<u>(3,019)</u>	(15,641)	175,542	172,439
Interest on indebtedness		(1,144,783)	<u>(3,103)</u>	(1,224,313)
Other revenues (expenses), gains and (losses)		(6,674)		4,143
Other affiliated foundation revenues			268,280	302,625
Other affiliated foundation expenses			(2,098,764)	(1,495,326)
Transfers (to) from other University System of Maryland institutions		222,084		<u>(2,510,756)</u>
<b>Total nonoperating revenues (expenses)</b>		<u>46,327,206</u>	<u>(283,637)</u>	<u>43,359,104</u>
<b>Income (loss) before other revenue</b>		<u>(11,528,086)</u>	<u>(283,637)</u>	<u>593,027</u>
<b>OTHER REVENUE:</b>				
Capital appropriations		12,093,572		10,370,379
<b>Total other revenue</b>		<u>12,093,572</u>		<u>10,370,379</u>
<b>Increase (decrease) in net assets</b>		565,486	(283,637)	(3,295,592)
<b>Net assets - beginning of year</b>		236,114,615	10,463,119	239,410,207
<b>Net assets - end of year</b>		<u>\$236,680,101</u>	<u>\$10,179,482</u>	<u>\$236,114,615</u>

**COPPIN STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$4,858,797	\$5,934,696
Research contracts and grants	11,165,170	13,989,117
Payments to employees	(51,971,880)	(50,844,735)
Payments to suppliers and contractors	(21,911,649)	(25,540,521)
Loans issued to students	(672,491)	(186,464)
Collections of loans to students	38,396	32,004
Auxiliary enterprises:		
Residential facilities	3,080,783	3,267,876
Dining facilities	2,455,863	1,812,498
Intercollegiate athletics	2,080,441	2,010,096
Parking facilities	1,929,445	1,208,900
Other	2,594,351	2,833,488
Other receipts	221,679	738,828
<b>Net cash provided (used) by operating activities</b>	<b>(46,131,095)</b>	<b>(44,744,217)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	37,943,492	37,526,362
Pell grants	9,328,728	9,391,229
<b>Net cash provided by noncapital financing activities</b>	<b>47,272,220</b>	<b>46,917,591</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	2,274,485	2,197,151
Capital appropriations	12,093,572	10,370,379
Purchases of capital assets	(14,261,887)	(18,642,131)
Principal paid on debt and capital leases	(3,839,081)	(2,989,303)
Interest paid on debt and capital leases	(1,224,884)	(1,324,423)
Transfers (to) from other University System of Maryland institutions	3,808,609	5,362,764
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,149,186)</b>	<b>(5,025,563)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	39,284	39,213
Interest on investments	(14,617)	47,450
Investment expense	(3,019)	(3,103)
<b>Net cash provided by investing activities</b>	<b>21,648</b>	<b>83,560</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,587</b>	<b>(2,768,629)</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>234,286</b>	<b>3,002,915</b>
<b>Cash and cash equivalents - end of the year</b>	<b>\$247,873</b>	<b>\$234,286</b>



**UNIVERSITY OF BALTIMORE  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$33,072,596	\$20,727,745	\$24,869,299	\$17,833,584
Accounts receivable, net	3,690,744	6,756,379	3,521,568	6,602,488
Notes receivable, current portion	490,682		486,682	
Prepaid expenses, deferred charges and other assets	304,196	58,570	79,719	30,966
Inter-institutional balances	(8,177,943)		(8,558,163)	
<b>Total current assets</b>	<b>29,380,275</b>	<b>27,542,694</b>	<b>20,399,105</b>	<b>24,467,038</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	146,516		139,712	
Endowment investments		39,508,346		40,861,367
Notes receivable, net	3,462,804		2,562,752	
Capital assets, net	145,822,908	1,371,285	106,521,189	1,456,952
<b>Total noncurrent assets</b>	<b>149,432,228</b>	<b>40,879,631</b>	<b>109,223,653</b>	<b>42,318,319</b>
<b>Total assets</b>	<b>\$178,812,503</b>	<b>\$68,422,325</b>	<b>\$129,622,758</b>	<b>\$66,785,357</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$6,772,604	\$658,011	\$6,206,250	\$346,087
Accrued workers' compensation, current portion	102,300		78,748	
Accrued vacation costs, current portion	2,666,369		3,218,795	
Revenue bonds and notes payable, current portion	2,445,823		1,751,554	
Deferred revenue	7,206,068	269,700	6,912,396	273,618
<b>Total current liabilities</b>	<b>19,193,164</b>	<b>927,711</b>	<b>18,167,743</b>	<b>619,705</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	557,700		429,302	
Accrued vacation costs	929,754		291,171	
Revenue bonds and notes payable	23,998,027		26,673,723	
<b>Total noncurrent liabilities</b>	<b>25,485,481</b>		<b>27,394,196</b>	
<b>Total liabilities</b>	<b>44,678,645</b>	<b>927,711</b>	<b>45,561,939</b>	<b>619,705</b>
<b>NET ASSETS</b>				
Unrestricted	10,654,798	7,687,438	2,775,761	8,157,007
Invested in capital assets, net	119,379,058		78,095,912	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		27,880,961		18,669,693
Other		6,777,389		13,251,128
Expendable:				
Scholarships and fellowships		2,768,755		1,726,628
Loans	3,953,486		3,049,434	
Capital projects	146,516		139,712	
Other		22,380,071		24,361,196
<b>Total net assets</b>	<b>134,133,858</b>	<b>67,494,614</b>	<b>84,060,819</b>	<b>66,165,652</b>
<b>Total liabilities and net assets</b>	<b>\$178,812,503</b>	<b>\$68,422,325</b>	<b>\$129,622,758</b>	<b>\$66,785,357</b>

**UNIVERSITY OF BALTIMORE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$65,335,926		\$63,527,504	
Less: scholarship allowances	(15,055,526)	\$50,280,400	(14,409,036)	\$49,118,468
Federal grants and contracts		1,507,437		1,588,055
State and local grants and contracts		6,889,743		6,778,538
Nongovernmental grants and contracts		2,601,088		2,246,827
Sales and services of educational departments		252,251		224,591
Auxiliary enterprises:				
Parking facilities		1,026,402		1,275,896
Other auxiliary enterprises revenues		7,580,679		7,434,180
Other operating revenues		117,489		110,666
<b>Total operating revenues</b>		<b>70,055,489</b>		<b>68,777,221</b>
<b>OPERATING EXPENSES:</b>				
Instruction		35,895,226		34,968,586
Research		6,004,608		6,479,864
Academic support		11,149,650		11,121,451
Student services		8,400,005		8,437,381
Institutional support		20,135,327		20,369,858
Operation and maintenance of plant		5,959,037		5,849,602
Scholarships and fellowships		1,817,341		4,188,926
Auxiliary enterprises:				
Parking facilities		959,683		311,051
Other auxiliary enterprises expenses		4,475,157		5,449,986
<b>Total operating expenses</b>		<b>94,796,034</b>		<b>97,176,705</b>
<b>Operating income (loss)</b>		<b>(24,740,545)</b>		<b>(28,399,484)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		30,321,428		29,720,042
Pell grants		6,436,672		6,644,033
Gifts			\$4,081,668	\$2,304,743
Investment income (loss)		367,959	(785,066)	153,264
Interest on indebtedness		(805,806)		(959,144)
Other affiliated foundation revenues			789,537	188,941
Other affiliated foundation expenses			(2,757,177)	(2,489,978)
Transfers (to) from other University System of Maryland institutions		(3,255,931)		(3,041,192)
<b>Total nonoperating revenues (expenses)</b>		<b>33,064,322</b>	<b>1,328,962</b>	<b>7,544,523</b>
<b>Income before other revenue</b>		<b>8,323,777</b>	<b>1,328,962</b>	<b>7,544,523</b>
<b>OTHER REVENUE:</b>				
Capital appropriations		41,749,262		19,516,643
<b>Total other revenue</b>		<b>41,749,262</b>		<b>19,516,643</b>
<b>Increase in net assets</b>		<b>50,073,039</b>	<b>1,328,962</b>	<b>23,634,162</b>
<b>Net assets - beginning of year</b>		<b>84,060,819</b>	<b>66,165,652</b>	<b>60,426,657</b>
<b>Net assets - end of year</b>		<b>\$134,133,858</b>	<b>\$67,494,614</b>	<b>\$84,060,819</b>

**UNIVERSITY OF BALTIMORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$50,331,372	\$49,131,825
Research contracts and grants	10,426,192	10,351,216
Payments to employees	(68,669,528)	(69,104,256)
Payments to suppliers and contractors	(20,651,240)	(24,539,942)
Loans issued to students	(1,958,463)	(554,891)
Collections of loans to students	552,077	744,911
Auxiliary enterprises:		
Parking facilities	1,026,402	1,275,896
Other	7,580,679	7,434,180
Other receipts	88,339	2,245,156
	<u>(21,274,170)</u>	<u>(23,015,905)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	30,321,428	29,720,042
Pell grants	6,436,672	6,644,033
	<u>36,758,100</u>	<u>36,364,075</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	5,389,820	5,478,391
Capital appropriations	41,749,262	19,516,643
Purchases of capital assets	(43,241,070)	(21,020,484)
Principal paid on debt and capital leases	(6,898,508)	(7,673,930)
Interest paid on debt and capital leases	(1,168,064)	(1,264,507)
Transfers (to) from other University System of Maryland institutions	(3,772,576)	(2,893,155)
	<u>(7,941,136)</u>	<u>(7,857,042)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	667,307	153,265
	<u>667,307</u>	<u>153,265</u>
<b>Net cash provided (used) by operating activities</b>		
	<u>667,307</u>	<u>153,265</u>
<b>Net increase in cash and cash equivalents</b>	8,210,101	5,644,393
<b>Cash and cash equivalents - beginning of the year</b>	<u>25,009,011</u>	<u>19,364,618</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$33,219,112</u>	<u>\$25,009,011</u>

**SALISBURY UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$82,830,584	\$412,916	\$65,461,141	\$780,258
Accounts receivable, net	1,326,840	1,407,016	1,133,918	2,604,772
Notes receivable, current portion	159,384		146,542	
Inventories	1,184,655		1,104,637	
Prepaid expenses, deferred charges and other assets		128,642		152,071
Inter-institutional balances	257,124		296,565	
<b>Total current assets</b>	<b>85,758,587</b>	<b>1,948,574</b>	<b>68,142,803</b>	<b>3,537,101</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	37		44,329	
Accounts receivable, net		6,105,924		190,018
Endowment investments		37,792,948		38,546,420
Other investments		2,112,844		2,096,199
Notes receivable, net	877,615		1,035,130	
Other assets		6,784,112		7,044,138
Capital assets, net	308,136,813	1,399,253	301,741,366	1,403,029
<b>Total noncurrent assets</b>	<b>309,014,465</b>	<b>54,195,081</b>	<b>302,820,825</b>	<b>49,279,804</b>
<b>Total assets</b>	<b>\$394,773,052</b>	<b>\$56,143,655</b>	<b>\$370,963,628</b>	<b>\$52,816,905</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$10,538,084	\$191,963	\$8,235,686	\$174,919
Accrued workers' compensation, current portion	191,890		167,920	
Accrued vacation costs, current portion	1,772,314		1,765,360	
Revenue bonds and notes payable, current portion	7,017,455		5,487,654	1,909,998
Deferred revenue	2,211,727	208,748	2,550,657	220,286
<b>Total current liabilities</b>	<b>21,731,470</b>	<b>400,711</b>	<b>18,207,277</b>	<b>2,305,203</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	1,046,110		915,436	
Accrued vacation costs	1,655,062		1,587,416	
Other payables		2,730,149		3,005,967
Revenue bonds and notes payable	93,360,652	1,893,070	86,754,905	
<b>Total noncurrent liabilities</b>	<b>96,061,824</b>	<b>4,623,219</b>	<b>89,257,757</b>	<b>3,005,967</b>
<b>Total liabilities</b>	<b>117,793,294</b>	<b>5,023,930</b>	<b>107,465,034</b>	<b>5,311,170</b>
<b>NET ASSETS</b>				
Unrestricted	67,983,642	4,422,404	52,698,250	1,733,201
Invested in capital assets, net	207,758,706		209,498,806	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		11,384,139		11,330,594
Research		210,633		210,633
Other		11,989,812		11,900,819
Expendable:				
Scholarships and fellowships		3,962,318		4,808,939
Research	18,305	520,128	18,305	601,456
Loans	1,219,068		1,238,904	
Capital projects	37		44,329	
Other		18,630,291		16,920,093
<b>Total net assets</b>	<b>276,979,758</b>	<b>51,119,725</b>	<b>263,498,594</b>	<b>47,505,735</b>
<b>Total liabilities and net assets</b>	<b>\$394,773,052</b>	<b>\$56,143,655</b>	<b>\$370,963,628</b>	<b>\$52,816,905</b>

**SALISBURY UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$59,538,202		\$53,382,779	
Less: scholarship allowances	<u>(11,745,439)</u>	\$47,792,763	<u>(10,857,320)</u>	\$42,525,459
Federal grants and contracts		1,305,692		1,496,603
State and local grants and contracts		2,680,081		2,413,851
Nongovernmental grants and contracts		1,221,087		1,252,305
Sales and services of educational departments		255,319		122,561
Auxiliary enterprises:				
Residential facilities	22,687,228		16,199,196	
Less: scholarship allowances	<u>(490,432)</u>	22,196,796	<u>(659,169)</u>	15,540,027
Dining facilities	13,150,993		12,000,674	
Less: scholarship allowances	<u>(567)</u>	13,150,426	<u>(9,580)</u>	11,991,094
Intercollegiate athletics	5,767,050		5,009,040	
Less: scholarship allowances		5,767,050	<u>(388)</u>	5,008,652
Bookstore		4,954,524		4,999,340
Parking facilities		575,618		647,217
Other auxiliary enterprises revenues	1,843,487		1,473,899	
Less: scholarship allowances	<u>(180)</u>	1,843,307	<u>(142)</u>	1,473,757
Other operating revenues		<u>159,049</u>		<u>206,259</u>
<b>Total operating revenues</b>		<u>101,901,712</u>		<u>87,677,125</u>
<b>OPERATING EXPENSES:</b>				
Instruction		45,750,869		41,786,592
Research		746,734		845,190
Public service		5,518,945		4,438,078
Academic support		8,443,474		7,992,362
Student services		5,261,066		5,486,613
Institutional support		13,851,840		12,828,384
Operation and maintenance of plant		20,467,009		13,975,142
Scholarships and fellowships		115,830		445,115
Auxiliary enterprises				
Residential facilities		11,298,741		7,634,149
Dining facilities		11,781,909		10,579,591
Intercollegiate athletics		4,187,441		3,808,953
Bookstores		4,641,996		4,442,724
Parking facilities		733,661		585,326
Other auxiliary enterprises expenses		<u>2,330,010</u>		<u>2,511,301</u>
<b>Total operating expenses</b>		<u>135,129,525</u>		<u>117,359,520</u>
<b>Operating income (loss)</b>		<u>(33,227,813)</u>		<u>(29,682,395)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		39,596,615		38,589,594
Pell grants		7,164,420		6,941,518
Gifts			\$9,915,524	\$3,229,437
Investment income (loss)		949,332	(667,750)	1,520,144
Interest on indebtedness		(3,716,751)		(3,167,689)
Other revenues (expenses), gains and (losses)		(26,116)		(293,231)
Other affiliated foundation revenues			1,994,263	2,232,499
Other affiliated foundation expenses			(7,628,047)	(10,024,489)
Transfers (to) from other University System of Maryland institutions		<u>(2,200,119)</u>		<u>(1,361,089)</u>
<b>Total nonoperating revenues (expenses)</b>		<u>41,767,381</u>	<u>3,613,990</u>	<u>42,229,247</u>
<b>Income (loss) before other revenues</b>		<u>8,539,568</u>	<u>3,613,990</u>	<u>12,546,852</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		4,869,765		21,332,416
Capital gifts and grants		<u>71,831</u>		<u>882,137</u>
<b>Total other revenues</b>		<u>4,941,596</u>		<u>22,214,553</u>
<b>Increase in net assets</b>		<u>13,481,164</u>	<u>3,613,990</u>	<u>34,761,405</u>
<b>Net assets, beginning of year</b>		<u>263,498,594</u>	<u>47,505,735</u>	<u>228,737,189</u>
<b>Net assets, end of year</b>		<u>\$276,979,758</u>	<u>\$51,119,725</u>	<u>\$263,498,594</u>

**SALISBURY UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$47,385,614	\$43,460,661
Research contracts and grants	4,993,248	5,167,701
Payments to employees	(86,506,899)	(82,152,940)
Payments to suppliers and contractors	(35,258,829)	(26,750,335)
Loans issued to students	(83,000)	(74,500)
Collections of loans to students	227,673	286,330
Auxiliary enterprises:		
Residential facilities	22,206,789	15,517,993
Dining facilities	13,182,392	11,935,344
Intercollegiate athletics	5,767,797	5,006,384
Bookstore	4,954,524	4,999,340
Parking facilities	575,618	647,217
Other	1,844,543	1,487,364
Other receipts (payments)	<u>787,726</u>	<u>(57,231)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(19,922,804)</u>	<u>(20,526,672)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	39,596,615	38,589,594
Pell grants	<u>7,164,420</u>	<u>6,941,518</u>
<b>Net cash provided by noncapital financing activities</b>	<u>46,761,035</u>	<u>45,531,112</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	5,629,688	11,984,356
Capital appropriations	4,869,765	21,332,416
Capital grants and gifts received	71,831	882,137
Purchases of capital assets	(17,798,848)	(69,919,967)
Principal paid on debt and capital leases	(9,615,553)	(5,590,699)
Interest paid on debt and capital leases	(3,807,650)	(3,108,212)
Transfers (to) from other University System of Maryland institutions	<u>10,188,355</u>	<u>25,709,572</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(10,462,412)</u>	<u>(18,710,397)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>949,332</u>	<u>1,520,144</u>
<b>Net cash provided by investing activities</b>	<u>949,332</u>	<u>1,520,144</u>
<b>Net increase in cash and cash equivalents</b>	17,325,151	7,814,187
<b>Cash and cash equivalents - beginning of the year</b>	<u>65,505,470</u>	<u>57,691,283</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$82,830,621</u>	<u>\$65,505,470</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$241,930,759		\$200,229,434	\$1,500
Accounts receivable, net	34,099,295	816,661	32,523,688	977,379
Notes receivable, current portion	160,278		193,272	
Inventories	1,794,266		2,951,711	
Prepaid expenses, deferred charges and other assets	1,654,504	19,000	2,013,378	
Inter-institutional balances	596,620		645,987	
<b>Total current assets</b>	<b>280,235,722</b>	<b>835,661</b>	<b>238,557,470</b>	<b>978,879</b>
<b>Noncurrent assets:</b>				
Accounts receivable, net		433,865		744,345
Endowment investments	142,872	10,072,324	151,607	10,113,845
Other investments		6,689,063		6,200,447
Notes receivable, net	1,179,480		1,243,144	
Other assets				10,420
Capital assets, net	171,447,896	3,464,862	158,403,499	3,339,887
<b>Total noncurrent assets</b>	<b>172,770,248</b>	<b>20,660,114</b>	<b>159,798,250</b>	<b>20,408,944</b>
<b>Total assets</b>	<b>\$453,005,970</b>	<b>\$21,495,775</b>	<b>\$398,355,720</b>	<b>\$21,387,823</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$20,027,052		\$20,023,848	
Accrued workers' compensation, current portion	141,515		154,520	
Accrued vacation costs, current portion	6,167,003		5,980,236	
Deferred revenue	40,384,370		42,072,978	
<b>Total current liabilities</b>	<b>66,719,940</b>		<b>68,231,582</b>	
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	771,485		842,386	
Accrued vacation costs	4,709,685		5,158,631	
Endowments invested on behalf of primary government		142,867		151,601
<b>Total noncurrent liabilities</b>	<b>5,481,170</b>	<b>142,867</b>	<b>6,001,017</b>	<b>151,601</b>
<b>Total liabilities</b>	<b>72,201,110</b>	<b>142,867</b>	<b>74,232,599</b>	<b>151,601</b>
<b>NET ASSETS</b>				
Unrestricted	207,658,094	5,417,233	164,031,192	5,389,753
Invested in capital assets, net	171,447,896		158,403,499	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423	3,449,078	29,423	2,451,173
Research		96,156		69,261
Other		2,660,605		2,654,834
Expendable:				
Scholarships and fellowships	58,050	2,982,012	66,896	3,405,938
Research		1,931,509		1,815,013
Loans	1,611,397		1,592,111	
Other		4,816,315		5,450,250
<b>Total net assets</b>	<b>380,804,860</b>	<b>21,352,908</b>	<b>324,123,121</b>	<b>21,236,222</b>
<b>Total liabilities and net assets</b>	<b>\$453,005,970</b>	<b>\$21,495,775</b>	<b>\$398,355,720</b>	<b>\$21,387,823</b>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$324,646,104		\$282,958,171	
Less: scholarship allowances	(21,841,765)	\$302,804,339	(19,026,330)	\$263,931,841
Federal grants and contracts		1,748,164		2,333,813
State and local grants and contracts		2,437,784		1,862,096
Nongovernmental grants and contracts		3,016,079		2,248,602
Sales and services of educational departments		2,047,019		2,257,432
Auxiliary enterprises:				
Bookstore		6,134,695		5,972,589
Parking facilities		166,616		331,542
Other auxiliary enterprises revenues		720		5,810
Other operating revenues		15,566,387		16,803,288
<b>Total operating revenues</b>		<b>333,921,803</b>		<b>295,747,013</b>
<b>OPERATING EXPENSES:</b>				
Instruction		95,128,643		88,405,728
Research		340,489		111,049
Public service		14,136,597		14,172,181
Academic support		65,654,850		47,316,453
Student services		73,390,080		66,555,358
Institutional support		40,947,779		46,737,119
Operation and maintenance of plant		20,489,398		17,266,232
Scholarships and fellowships		22,308,119		22,362,998
Auxiliary enterprises:				
Bookstore		5,638,912		5,382,222
Parking facilities		1,067,706		1,114,075
<b>Total operating expenses</b>		<b>339,102,573</b>		<b>309,423,415</b>
<b>Operating income (loss)</b>		<b>(5,180,770)</b>		<b>(13,676,402)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		32,759,494		31,190,196
Pell grants		28,139,724		26,248,686
Gifts			\$1,145,367	\$2,070,611
Investment income (loss)	2,183,380		102,309	2,653,841
Less: Investment expense	(561)	2,182,819	3,131,232	3,130,557
Interest on indebtedness			(675)	(741)
Other revenues (expenses), gains and (losses)		(740,079)		(71,246)
Other affiliated foundation revenues			7,792	7,494
Other affiliated foundation expenses			(1,138,782)	(2,191,471)
Transfers (to) from other University System of Maryland institutions		(479,449)		(286,064)
<b>Total nonoperating revenues (expenses)</b>		<b>61,862,509</b>	<b>116,686</b>	<b>60,211,388</b>
<b>Increase in net assets</b>		<b>56,681,739</b>	<b>116,686</b>	<b>46,534,986</b>
<b>Net assets - beginning of period</b>		<b>324,123,121</b>	<b>21,236,222</b>	<b>277,588,135</b>
<b>Net assets - end of period</b>		<b>\$380,804,860</b>	<b>\$21,352,908</b>	<b>\$324,123,121</b>



**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$295,451,727	\$280,386,709
Research contracts and grants	10,953,546	6,238,705
Payments to employees	(195,209,197)	(178,764,837)
Payments to suppliers and contractors	(128,586,851)	(117,283,882)
Loans issued to students	(96,794)	(131,581)
Collections of loans to students	193,452	172,531
Auxiliary enterprises:		
Bookstore	6,134,695	5,972,589
Parking facilities	166,616	331,542
Other	720	5,810
Other receipts	16,726,048	18,307,664
	<u>5,733,962</u>	<u>15,235,250</u>
<b>Net cash provided by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	32,759,494	31,190,196
Pell grants	28,139,724	26,248,686
	<u>60,899,218</u>	<u>57,438,882</u>
<b>Net cash provided by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sales of capital assets	808,612	79,422
Purchases of capital assets	(27,501,939)	(24,531,887)
Principal paid on debt and capital leases		(2,176)
Interest paid on debt and capital leases		(1,025)
Transfers (to) from other University System of Maryland institutions	(430,082)	(503,785)
	<u>(27,123,409)</u>	<u>(24,959,451)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	9,057	9,533
Interest on investments	2,183,058	3,107,445
Investment expense	(561)	(675)
	<u>2,191,554</u>	<u>3,116,303</u>
<b>Net cash provided by investing activities</b>		
<b>Net increase in cash and cash equivalents</b>	41,701,325	50,830,984
<b>Cash and cash equivalents - beginning of the year</b>	<u>200,229,434</u>	<u>149,398,450</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$241,930,759</u>	<u>\$200,229,434</u>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**BALANCE SHEET**  
**JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$81,285,485	\$629,027	\$54,432,718	\$637,920
Accounts receivable, net	14,517,391	2,878,706	25,187,437	4,568,507
Notes receivable, current portion	417,696		446,878	
Inventories	930,803		747,615	
Prepaid expenses, deferred charges and other assets	379,954	52,122	362,713	54,135
Inter-institutional balances	123,889		(548,387)	
<b>Total current assets</b>	<b>97,655,218</b>	<b>3,559,855</b>	<b>80,628,974</b>	<b>5,260,562</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	1,426,894		1,267,629	
Accounts receivable, net		968,054		2,831,705
Endowment investments	1,583,662	58,071,565	1,610,974	58,309,864
Other investments		18,796,002		17,997,223
Notes receivable, net	1,557,164		1,857,057	
Capital assets, net	320,345,024	2,905,722	287,842,297	2,965,454
<b>Total noncurrent assets</b>	<b>324,912,744</b>	<b>80,741,343</b>	<b>292,577,957</b>	<b>82,104,246</b>
<b>Total assets</b>	<b>\$422,567,962</b>	<b>\$84,301,198</b>	<b>\$373,206,931</b>	<b>\$87,364,808</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$21,018,854	\$391,709	\$20,487,998	\$449,629
Accrued workers' compensation, current portion	186,310		188,850	
Accrued vacation costs, current portion	7,331,220		7,610,006	
Revenue bonds and notes payable, current portion	6,467,945	47,850	7,395,114	46,357
Deferred revenue	12,739,894	6,172,558	11,871,515	5,805,600
<b>Total current liabilities</b>	<b>47,744,223</b>	<b>6,612,117</b>	<b>47,553,483</b>	<b>6,301,586</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	1,015,690		1,029,537	
Accrued vacation costs	3,403,330		3,598,344	
Endowments invested on behalf of primary government		1,583,660		1,610,971
Other payables		980,739		1,089,454
Revenue bonds and notes payable	92,321,188	379,415	93,018,528	427,265
<b>Total noncurrent liabilities</b>	<b>96,740,208</b>	<b>2,943,814</b>	<b>97,646,409</b>	<b>3,127,690</b>
<b>Total liabilities</b>	<b>144,484,431</b>	<b>9,555,931</b>	<b>145,199,892</b>	<b>9,429,276</b>
<b>NET ASSETS</b>				
Unrestricted	52,995,411	15,633,827	36,859,300	15,952,794
Invested in capital assets, net	221,555,892		187,428,655	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474	25,488,803	130,474	22,767,233
Research		710,598		643,313
Other		19,661,959		24,658,895
Expendable:				
Scholarships and fellowships		4,060,900		4,433,333
Research		2,630,327		2,362,508
Loans	1,974,860		2,303,935	
Capital projects	1,426,894		1,267,629	
Other		6,558,853	17,046	7,117,456
<b>Total net assets</b>	<b>278,083,531</b>	<b>74,745,267</b>	<b>228,007,039</b>	<b>77,935,532</b>
<b>Total liabilities and net assets</b>	<b>\$422,567,962</b>	<b>\$84,301,198</b>	<b>\$373,206,931</b>	<b>\$87,364,808</b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$104,199,029		\$95,336,877	
Less: scholarship allowances	(19,821,254)	\$84,377,775	(17,764,356)	\$77,572,521
Federal grants and contracts		42,430,364		61,625,549
State and local grants and contracts		22,587,743		20,862,550
Nongovernmental grants and contracts		17,803,967		19,763,169
Sales and services of educational departments		3,979,810		6,729,479
Auxiliary enterprises:				
Residential facilities	14,934,496		14,404,931	
Less: scholarship allowances	(3,557,661)	11,376,835	(3,188,474)	11,216,457
Dining facilities	12,414,747		12,116,601	
Less: scholarship allowances	(2,032,948)	10,381,799	(1,821,985)	10,294,616
Intercollegiate athletics		9,245,264		8,620,801
Bookstore	6,218,787		6,111,701	
Less: scholarship allowances	(23,523)	6,195,264	(21,082)	6,090,619
Parking facilities		3,242,069		3,013,938
Other auxiliary enterprises revenues		14,530,855		13,404,219
Other operating revenues		5,044,755		3,879,573
<b>Total operating revenues</b>		<b>231,196,500</b>		<b>243,073,491</b>
<b>OPERATING EXPENSES:</b>				
Instruction		98,938,377		98,731,964
Research		57,412,999		71,472,906
Public service		17,008,157		16,828,475
Academic support		22,823,149		21,906,973
Student services		13,877,979		13,002,177
Institutional support		26,485,060		25,633,316
Operation and maintenance of plant		23,178,520		25,264,201
Scholarships and fellowships		14,888,786		15,975,318
Auxiliary enterprises:				
Residential facilities		7,038,644		10,712,447
Dining facilities		11,364,895		11,074,414
Intercollegiate athletics		7,718,405		7,409,418
Bookstore		5,914,370		5,802,129
Parking Facilities		386,573		
Other auxiliary enterprises expenses		10,678,700		12,996,111
<b>Total operating expenses</b>		<b>317,714,614</b>		<b>336,809,849</b>
<b>Operating income (loss)</b>		<b>(86,518,114)</b>		<b>(93,736,358)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		95,569,552		93,388,937
Pell grants		12,988,526		11,550,953
Gifts		5,462	\$5,309,721	100,000
Investment income	759,214		720,440	\$3,710,444
Less: Investment expense	(5,961)	753,253	1,226,502	9,192,477
Interest on indebtedness		(3,894,134)	(6,718)	1,219,784
Other revenues (expenses), gains and (losses)		(430,268)		(2,212,531)
Other affiliated foundation revenues				(208,461)
Other affiliated foundation expenses			2,386,496	2,095,753
Transfers (to) from other University System of Maryland institutions		(4,843,394)	(11,606,922)	(5,566,956)
<b>Total nonoperating revenues (expenses)</b>		<b>100,148,997</b>	<b>(3,190,265)</b>	<b>101,574,584</b>
<b>Income before other revenues</b>		<b>13,630,883</b>	<b>(3,190,265)</b>	<b>7,838,226</b>
<b>OTHER REVENUES:</b>				
Capital appropriations		36,076,439		24,503,329
Capital gifts and grants		369,170		488,011
<b>Total other revenues</b>		<b>36,445,609</b>		<b>24,991,340</b>
<b>Increase (decrease) in net assets</b>		<b>50,076,492</b>	<b>(3,190,265)</b>	<b>32,829,566</b>
<b>Net assets - beginning of year</b>		<b>228,007,039</b>	<b>77,935,532</b>	<b>195,177,473</b>
<b>Net assets - end of year</b>		<b>\$278,083,531</b>	<b>\$74,745,267</b>	<b>\$228,007,039</b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$84,784,817	\$77,972,264
Research contracts and grants	95,307,980	101,658,939
Payments to employees	(200,260,192)	(205,500,236)
Payments to suppliers and contractors	(100,847,492)	(107,880,197)
Loans issued to students	(180,806)	(237,321)
Collections of loans to students	509,881	233,985
Auxiliary enterprises:		
Residential facilities	11,133,717	9,181,708
Dining facilities	10,159,943	8,823,436
Intercollegiate athletics	9,047,696	12,306,869
Bookstore	6,062,873	6,127,031
Parking facilities	3,172,787	3,031,956
Other	14,220,335	13,484,354
Other receipts	8,881,948	16,935,243
	<b>(58,006,513)</b>	<b>(63,861,969)</b>
<b>Net cash provided (used) by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	95,569,552	93,388,937
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	5,462	
Pell grants	12,988,526	11,550,953
	<b>108,563,540</b>	<b>104,939,890</b>
<b>Net cash provided by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	10,729,334	13,419,755
Capital appropriations	36,076,439	24,503,329
Purchases of capital assets	(49,367,685)	(43,846,181)
Principal paid on debt and capital leases	(14,500,708)	(12,788,843)
Interest paid on debt and capital leases	(4,354,656)	(2,709,517)
Transfers (to) from other University System of Maryland institutions	(2,908,284)	2,295,283
	<b>(24,325,560)</b>	<b>(19,126,174)</b>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	32,029	95,727
Interest on investments	754,497	994,443
Investment expense	(5,961)	(6,718)
Purchases of investments		(100,000)
	<b>780,565</b>	<b>983,452</b>
<b>Net cash provided by investing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>27,012,032</b>	<b>22,935,199</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>55,700,347</b>	<b>32,765,148</b>
<b>Cash and cash equivalents - end of the year</b>	<b>\$82,712,379</b>	<b>\$55,700,347</b>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$10,895,739		\$7,714,155	
Accounts receivable, net	\$5,307,335	\$733	7,361,462	\$101,067
Prepaid expenses, deferred charges and other assets		294		905
Inter-institutional balances	(736)		(2,083)	
<b>Total current assets</b>	<b>16,202,338</b>	<b>1,027</b>	<b>15,073,534</b>	<b>101,972</b>
<b>Noncurrent assets:</b>				
Accounts receivable, net				37,479
Endowment investments		944,951		956,699
Other investments		1,198,097		1,107,070
Capital assets, net	72,476,777		60,861,604	
<b>Total noncurrent assets</b>	<b>72,476,777</b>	<b>2,143,048</b>	<b>60,861,604</b>	<b>2,101,248</b>
<b>Total assets</b>	<b>\$88,679,115</b>	<b>\$2,144,075</b>	<b>\$75,935,138</b>	<b>\$2,203,220</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$2,010,382	\$58,517	\$2,754,442	
Accrued workers' compensation, current portion	7,595		10,517	
Accrued vacation costs, current portion	553,209		594,127	
Revenue bonds and notes payable, current portion	1,119,117		1,107,324	
Deferred revenue	331,073		675,004	
<b>Total current liabilities</b>	<b>4,021,376</b>	<b>58,517</b>	<b>5,141,414</b>	
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	41,405		57,334	
Accrued vacation costs	2,019,855		2,169,253	
Revenue bonds and notes payable	10,249,729		9,549,575	
<b>Total noncurrent liabilities</b>	<b>12,310,989</b>		<b>11,776,162</b>	
<b>Total liabilities</b>	<b>16,332,365</b>	<b>58,517</b>	<b>16,917,576</b>	
<b>NET ASSETS</b>				
Unrestricted	\$11,238,819	\$324,930	\$8,812,857	\$343,262
Invested in capital assets, net	61,107,931		50,204,705	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		169,694		152,666
Research		4,731		4,314
Other		130,901		165,351
Expendable:				
Scholarships and fellowships		446,023		490,766
Research		288,898		261,528
Other		720,381		785,333
<b>Total net assets</b>	<b>72,346,750</b>	<b>2,085,558</b>	<b>59,017,562</b>	<b>2,203,220</b>
<b>Total liabilities and net assets</b>	<b>\$88,679,115</b>	<b>\$2,144,075</b>	<b>\$75,935,138</b>	<b>\$2,203,220</b>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$18,071,855		\$18,915,433	
State and local grants and contracts	4,939,351		4,851,561	
Nongovernmental grants and contracts	2,063,775		1,386,808	
Sales and services of educational departments	2,542,609		2,044,727	
<b>Total operating revenues</b>	<u>27,617,590</u>		<u>27,198,529</u>	
<b>OPERATING EXPENSES:</b>				
Research	43,829,490		44,501,221	
Operation and maintenance of plant	375,230		252,030	
<b>Total operating expenses</b>	<u>44,204,720</u>		<u>44,753,251</u>	
<b>Operating income (loss)</b>	<u>(16,587,130)</u>		<u>(17,554,722)</u>	
<b>NONOPERATING REVENUE (EXPENSES):</b>				
State appropriations	19,299,245		18,371,238	
Gifts		\$381,252		\$616,770
Investment income	104,690	5,955	861,363	221,088
Interest on indebtedness	(285,693)		(348,837)	
Other affiliated foundation revenues		15,311		
Other affiliated foundation expenses		(520,180)		(261,370)
Transfers (to) from other University System of Maryland institutions	538,809		1,094,476	
<b>Total nonoperating revenues (expenses)</b>	<u>19,657,051</u>	<u>(117,662)</u>	<u>19,978,240</u>	<u>576,488</u>
<b>Income (loss) before other revenues</b>	<u>3,069,921</u>	<u>(117,662)</u>	<u>2,423,518</u>	<u>576,488</u>
<b>OTHER REVENUE:</b>				
Capital appropriations	10,259,267		161,253	
<b>Total other revenue</b>	<u>10,259,267</u>		<u>161,253</u>	
<b>Increase (decrease) in net assets</b>	<u>13,329,188</u>	<u>(117,662)</u>	<u>2,584,771</u>	<u>576,488</u>
<b>Net assets - beginning of year</b>	<u>59,017,562</u>	<u>2,203,220</u>	<u>56,432,791</u>	<u>1,626,732</u>
<b>Net assets - end of year</b>	<u>\$72,346,750</u>	<u>\$2,085,558</u>	<u>\$59,017,562</u>	<u>\$2,203,220</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Research contracts and grants	\$26,785,177	\$24,514,738
Payments to employees	(26,686,543)	(25,663,455)
Payments to suppliers and contractors	(15,435,095)	(15,997,051)
Other receipts	<u>2,542,609</u>	<u>2,044,727</u>
<b>Net cash provided (used) by operating activities</b>	<u>(12,793,852)</u>	<u>(15,101,041)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	<u>19,299,245</u>	<u>18,371,238</u>
<b>Net cash provided by noncapital financing activities</b>	<u>19,299,245</u>	<u>18,371,238</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	2,763,347	1,002,570
Capital appropriations	10,259,267	161,253
Purchases of capital assets	(14,626,202)	(674,848)
Principal paid on debt and capital leases	(2,135,646)	(2,396,706)
Interest paid on debt and capital leases	(383,403)	(457,395)
Transfers (to) from other University System of Maryland institutions	<u>694,138</u>	<u>1,119,532</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(3,428,499)</u>	<u>(1,245,594)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>104,690</u>	<u>861,363</u>
<b>Net cash provided by investing activities</b>	<u>104,690</u>	<u>861,363</u>
<b>Net increase in cash and cash equivalents</b>	3,181,584	2,885,966
<b>Cash and cash equivalents - beginning of the year</b>	<u>7,714,155</u>	<u>4,828,189</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$10,895,739</u>	<u>\$7,714,155</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$124,950,163	\$691,243	\$109,365,736	\$588,327
Accounts receivable, net	1,483,451	761,802	993,076	948,423
Prepaid expenses, deferred charges and other assets		132,018		62,012
Inter-institutional balances	<u>11,156,451</u>		<u>8,961,779</u>	
<b>Total current assets</b>	<u>137,590,065</u>	<u>1,585,063</u>	<u>119,320,591</u>	<u>1,598,762</u>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	60,428,852		50,045,751	
Accounts receivable, net		41,653		69,819
Endowment investments	9,011,804	24,375,751	9,317,340	24,424,634
Other investments		51,312,631		50,904,416
Restricted investments	21,875,318		37,288,646	
Other assets		390,600		288,036
Capital assets, net	<u>86,491,159</u>	<u>3,148,395</u>	<u>89,468,458</u>	<u>3,260,002</u>
<b>Total noncurrent assets</b>	<u>177,807,133</u>	<u>79,269,030</u>	<u>186,120,195</u>	<u>78,946,907</u>
<b>Total assets</b>	<u>\$315,397,198</u>	<u>\$80,854,093</u>	<u>\$305,440,786</u>	<u>\$80,545,669</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$10,043,738	\$1,315,071	\$8,350,371	\$383,078
Accrued workers' compensation, current portion	14,105		13,632	
Accrued vacation costs, current portion	582,972		537,841	
Revenue bonds and notes payable, current portion	4,409,410		4,233,497	
Deferred revenue		334		
<b>Total current liabilities</b>	<u>15,050,225</u>	<u>1,315,405</u>	<u>13,135,341</u>	<u>383,078</u>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	76,895		74,317	
Accrued vacation costs	947,399		1,085,357	
Endowments invested on behalf of primary government		9,011,252		9,317,340
Other payables		43,439,690		43,843,189
Revenue bonds and notes payable	<u>101,404,537</u>		<u>113,888,735</u>	
<b>Total noncurrent liabilities</b>	<u>102,428,831</u>	<u>52,450,942</u>	<u>115,048,409</u>	<u>53,160,529</u>
<b>Total liabilities</b>	<u>117,479,056</u>	<u>53,766,347</u>	<u>128,183,750</u>	<u>53,543,607</u>
<b>NET ASSETS</b>				
Unrestricted	\$132,265,076	\$4,897,192	\$116,652,722	\$3,387,384
Invested in capital assets, net	54,935,427		54,953,152	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,604	7,345,820	347,604	6,947,219
Research		204,793		196,302
Other	471,330	5,666,535	471,330	7,524,442
Expendable:				
Scholarships and fellowships	212,033	2,750,180	294,574	2,855,532
Research		1,781,348		1,521,703
Capital projects	8,856,046		3,660,753	
Other	<u>830,626</u>	<u>4,441,878</u>	<u>876,901</u>	<u>4,569,480</u>
<b>Total net assets</b>	<u>197,918,142</u>	<u>27,087,746</u>	<u>177,257,036</u>	<u>27,002,062</u>
<b>Total liabilities and net assets</b>	<u>\$315,397,198</u>	<u>\$80,854,093</u>	<u>\$305,440,786</u>	<u>\$80,545,669</u>



**UNIVERSITY SYSTEM OF MARYLAND OFFICE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	Years ended June 30,			
	2012		2011	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$3,155,530		\$2,839,479	
State and local grants and contracts	90,363		83,688	
Nongovernmental grants and contracts	107,159		99,959	
Other operating revenues	201,205		195,770	
<b>Total operating revenues</b>	<u>3,554,257</u>		<u>3,218,896</u>	
<b>OPERATING EXPENSES:</b>				
Academic support	6,030,370		5,901,098	
Institutional support	13,418,838		13,359,807	
<b>Total operating expenses</b>	<u>19,449,208</u>		<u>19,260,905</u>	
<b>Operating income (loss)</b>	<u>(15,894,951)</u>		<u>(16,042,009)</u>	
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations	15,417,326		19,084,849	
Gifts		\$1,391,238		\$722,575
Investment income	\$1,478,951	1,168,955	\$3,614,107	3,236,813
Less: Investment expense	(34,474)		(41,140)	
Interest on indebtedness	1,444,477		3,572,967	
	(7,170,624)		(6,299,234)	
Other revenues (expenses), gains and (losses)	2,618,819		3,063,753	
Other affiliated foundation revenues		3,216,560		3,774,093
Other affiliated foundation expenses		(5,691,069)		(5,140,345)
Transfers (to) from other University System of Maryland institutions	23,623,124		17,124,096	
<b>Total nonoperating revenue (expenses)</b>	<u>35,933,122</u>	<u>85,684</u>	<u>36,546,431</u>	<u>2,593,136</u>
<b>Income before other revenue</b>	<u>20,038,171</u>	<u>85,684</u>	<u>20,504,422</u>	<u>2,593,136</u>
<b>OTHER REVENUE:</b>				
Capital appropriations	622,935			
<b>Total other revenue</b>	<u>622,935</u>			
<b>Increase in net assets</b>	<u>20,661,106</u>	<u>85,684</u>	<u>20,504,422</u>	<u>2,593,136</u>
<b>Net assets - beginning of year</b>	<u>177,257,036</u>	<u>27,002,062</u>	<u>156,752,614</u>	<u>24,408,926</u>
<b>Net assets - end of year</b>	<u>\$197,918,142</u>	<u>\$27,087,746</u>	<u>\$177,257,036</u>	<u>\$27,002,062</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Research contracts and grants	\$3,460,612	\$2,748,826
Payments to employees	(13,327,269)	(13,072,805)
Payments to suppliers and contractors	(2,643,874)	(2,052,292)
Other receipts (payments)	4,154,096	3,839,165
	<u>(8,356,435)</u>	<u>(8,537,106)</u>
<b>Net cash provided (used) by operating activities</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	15,417,326	19,084,849
	<u>15,417,326</u>	<u>19,084,849</u>
<b>Net cash provided by noncapital financing activities</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	70,961,182	68,104,262
Purchases of capital assets	(143,883)	(2,203,392)
Principal paid on debt and capital leases	(13,291,324)	(3,437,330)
Interest paid on debt and capital leases	(8,085,521)	(7,207,082)
Transfers (to) from other University System of Maryland institutions	(47,697,158)	(102,948,580)
	<u>1,743,296</u>	<u>(47,692,122)</u>
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	37,620,025	91,404,921
Interest on investments	1,453,108	2,172,621
Investment expense	(34,474)	(41,140)
Purchases of investments	(21,875,318)	(37,288,646)
	<u>17,163,341</u>	<u>56,247,756</u>
<b>Net cash provided by investing activities</b>		
<b>Net increase in cash and cash equivalents</b>	25,967,528	19,103,377
<b>Cash and cash equivalents - beginning of the year</b>	159,411,487	140,308,110
<b>Cash and cash equivalents - end of the year</b>	<u>\$185,379,015</u>	<u>\$159,411,487</u>

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**UNIVERSITY SYSTEM OF MARYLAND**  
**COMBINING BALANCE SHEET, NONMAJOR COMPONENT UNITS**  
**JUNE 30, 2012**

	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.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward 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
<b>ASSETS</b>																
<b>Current assets</b>																
Cash	\$593,253	\$86,940	\$595,684	\$88,352	\$775,313	\$3,564,722	\$536,425	\$2,120,759	\$20,727,745	\$311,582	\$101,334	\$654,848	\$462,154	\$93,529	\$608,227	\$31,320,867
Accounts receivable, net	8,649	406	167,678	26	572,991	179,794	850,936	322,050	6,756,379	1,373,600	33,416	34,895	30,394	48,452	106,458	10,486,124
Other assets	124,310		237,162	1,061	6,307	169,942	182,498	10,483	58,570	88,123	40,519	2,683				921,658
<b>Total current assets</b>	<b>726,212</b>	<b>87,346</b>	<b>1,000,524</b>	<b>89,439</b>	<b>1,354,611</b>	<b>3,914,458</b>	<b>1,569,859</b>	<b>2,453,292</b>	<b>27,542,694</b>	<b>1,773,305</b>	<b>175,269</b>	<b>692,426</b>	<b>492,548</b>	<b>141,981</b>	<b>714,685</b>	<b>42,728,649</b>
<b>Investments</b>																
Endowment investments	5,664,564	2,432,237			5,526,357	48,666,519	14,464,881	7,648,921	39,508,346	37,792,948		2,472,236				164,177,009
Other investments		239,155	6,037,640				782,715			2,112,844					8,468,770	17,641,124
<b>Total investments</b>	<b>5,664,564</b>	<b>2,671,392</b>	<b>6,037,640</b>		<b>5,526,357</b>	<b>48,666,519</b>	<b>15,247,596</b>	<b>7,648,921</b>	<b>39,508,346</b>	<b>39,905,792</b>		<b>2,472,236</b>			<b>8,468,770</b>	<b>181,818,133</b>
<b>Other assets</b>																
Accounts receivable, net						522,006				6,105,924						6,627,930
Capital assets, net						3,634	1,136		1,371,285	1,289,748	109,505	100,926		6,336	2,905,722	5,788,292
Other assets						1,200,000		222,107		6,684,888	99,224					8,206,219
<b>Total other assets</b>						<b>1,725,640</b>	<b>1,136</b>	<b>222,107</b>	<b>1,371,285</b>	<b>14,080,560</b>	<b>208,729</b>	<b>100,926</b>		<b>6,336</b>	<b>2,905,722</b>	<b>20,622,441</b>
<b>Total assets</b>	<b>\$6,390,776</b>	<b>\$2,758,738</b>	<b>\$7,038,164</b>	<b>\$89,439</b>	<b>\$6,880,968</b>	<b>\$54,306,617</b>	<b>\$16,818,591</b>	<b>\$10,324,320</b>	<b>\$68,422,325</b>	<b>\$55,759,657</b>	<b>\$383,998</b>	<b>\$3,265,588</b>	<b>\$492,548</b>	<b>\$148,317</b>	<b>\$12,089,177</b>	<b>\$245,169,223</b>
<b>LIABILITIES</b>																
<b>Current liabilities</b>																
Accounts payable & accrued expenses	\$300,940	\$1,525	\$637,376		\$60,149	\$266,187	\$28,031	\$144,763	\$658,011	\$128,576	\$63,387	\$123,363	\$322,553	\$12,407	\$85,542	\$2,832,810
Long-term debt, current						1,000,000								8,500	47,850	1,056,350
Deferred income	14,565		12,000				190,410		269,700	159,117	49,631			85,060	5,771,633	6,552,116
<b>Total current liabilities</b>	<b>315,505</b>	<b>1,525</b>	<b>649,376</b>		<b>60,149</b>	<b>1,266,187</b>	<b>218,441</b>	<b>144,763</b>	<b>927,711</b>	<b>287,693</b>	<b>113,018</b>	<b>123,363</b>	<b>322,553</b>	<b>105,967</b>	<b>5,905,025</b>	<b>10,441,276</b>
<b>Other liabilities</b>																
Other payables								75		2,730,149				5,818	980,739	3,716,781
Long-term debt, noncurrent										1,893,070					379,415	2,272,485
<b>Total other liabilities</b>								<b>75</b>		<b>4,623,219</b>				<b>5,818</b>	<b>1,360,154</b>	<b>5,989,266</b>
<b>Total liabilities</b>	<b>315,505</b>	<b>1,525</b>	<b>649,376</b>		<b>60,149</b>	<b>1,266,187</b>	<b>218,441</b>	<b>144,838</b>	<b>927,711</b>	<b>4,910,912</b>	<b>113,018</b>	<b>123,363</b>	<b>322,553</b>	<b>111,785</b>	<b>7,265,179</b>	<b>16,430,542</b>
<b>NET ASSETS</b>																
Unrestricted	724,854	2,757,213	6,388,788	\$60,540	320,453	2,749,334	140,352	349,204	7,687,438	4,169,419	252,985	760,184	169,995	36,532	4,823,998	31,391,289
Temporarily restricted																
Scholarships & fellowships						5,448,293			2,768,755	3,962,318						12,179,366
Research						3,639				520,128						523,767
Other	5,350,417			28,899	2,036,201	10,457,193	16,459,798	3,215,252	22,380,071	18,620,938	9,353	424,112				78,982,234
Permanently restricted																
Scholarships & fellowships						21,027,428			27,880,961	11,384,139						60,292,528
Research						10,003				210,633						220,636
Other					4,464,165	13,344,540		6,615,026	6,777,389	11,981,170	8,642	1,957,929				45,148,861
<b>Total net assets</b>	<b>6,075,271</b>	<b>2,757,213</b>	<b>6,388,788</b>	<b>89,439</b>	<b>6,820,819</b>	<b>53,040,430</b>	<b>16,600,150</b>	<b>10,179,482</b>	<b>67,494,614</b>	<b>50,848,745</b>	<b>270,980</b>	<b>3,142,225</b>	<b>169,995</b>	<b>36,532</b>	<b>4,823,998</b>	<b>228,738,681</b>
<b>Total liabilities &amp; net assets</b>	<b>\$6,390,776</b>	<b>\$2,758,738</b>	<b>\$7,038,164</b>	<b>\$89,439</b>	<b>\$6,880,968</b>	<b>\$54,306,617</b>	<b>\$16,818,591</b>	<b>\$10,324,320</b>	<b>\$68,422,325</b>	<b>\$55,759,657</b>	<b>\$383,998</b>	<b>\$3,265,588</b>	<b>\$492,548</b>	<b>\$148,317</b>	<b>\$12,089,177</b>	<b>\$245,169,223</b>

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING BALANCE SHEET, NONMAJOR COMPONENT UNITS  
JUNE 30, 2011

	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.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward 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
<b>ASSETS</b>																
<b>Current assets</b>																
Cash	\$400,523	\$35,509	\$727,071	\$95,878	\$435,060	\$4,134,570	\$651,789	\$1,940,859	\$17,833,584	\$627,210	\$153,048	\$341,393	\$1,787,569	\$82,875	\$617,494	\$29,864,432
Accounts receivable, net			338,830	38	1,141,615	222,285	880,513	379,948	6,602,488	2,587,745	17,027	21,598	801,936	26,504	21,945	13,042,472
Other assets	120,935	41,250	20,583	2,709	10,901	156,201	166,618	4,388	30,966	98,179	53,892	3,707	337,433			1,047,762
<b>Total current assets</b>	<b>521,458</b>	<b>76,759</b>	<b>1,086,484</b>	<b>98,625</b>	<b>1,587,576</b>	<b>4,513,056</b>	<b>1,698,920</b>	<b>2,325,195</b>	<b>24,467,038</b>	<b>3,313,134</b>	<b>223,967</b>	<b>366,698</b>	<b>2,926,938</b>	<b>109,379</b>	<b>639,439</b>	<b>43,954,666</b>
<b>Investments</b>																
Endowment investments	5,627,107	2,420,855			5,603,224	38,684,855	14,455,783	8,092,040	40,861,367	38,546,420		2,484,145				156,775,796
Other investments		246,417	6,343,185			7,852,598	815,143			2,096,199					8,306,999	25,660,541
<b>Total investments</b>	<b>5,627,107</b>	<b>2,667,272</b>	<b>6,343,185</b>		<b>5,603,224</b>	<b>46,537,453</b>	<b>15,270,926</b>	<b>8,092,040</b>	<b>40,861,367</b>	<b>40,642,619</b>		<b>2,484,145</b>			<b>8,306,999</b>	<b>182,436,337</b>
<b>Other assets</b>																
Accounts receivable, net						513,761				190,018						703,779
Capital assets, net	2,803					3,369	1,295		1,456,952	1,338,571	64,458	104,611	9,075	3,750	2,965,454	5,950,338
Other assets		12,252				1,200,000		193,211		6,932,774	111,364					8,449,601
<b>Total other assets</b>	<b>2,803</b>	<b>12,252</b>				<b>1,717,130</b>	<b>1,295</b>	<b>193,211</b>	<b>1,456,952</b>	<b>8,461,363</b>	<b>175,822</b>	<b>104,611</b>	<b>9,075</b>	<b>3,750</b>	<b>2,965,454</b>	<b>15,103,718</b>
<b>Total assets</b>	<b>\$6,151,368</b>	<b>\$2,756,283</b>	<b>\$7,429,669</b>	<b>\$98,625</b>	<b>\$7,190,800</b>	<b>\$52,767,639</b>	<b>\$16,971,141</b>	<b>\$10,610,446</b>	<b>\$66,785,357</b>	<b>\$52,417,116</b>	<b>\$399,789</b>	<b>\$2,955,454</b>	<b>\$2,936,013</b>	<b>\$113,129</b>	<b>\$11,911,892</b>	<b>\$241,494,721</b>
<b>LIABILITIES</b>																
<b>Current liabilities</b>																
Accounts payable & accrued expenses	\$320,272		\$743,722		\$17,274	\$296,140	\$17,451	\$77,670	\$346,087	\$113,737	\$61,182	\$81,402	\$856,802	\$25,203	\$35,659	\$2,992,601
Long-term debt, current						1,000,000				1,909,998				8,500	46,357	2,964,855
Deferred income	9,690		36,121				176,710	69,582	273,618	162,718	57,568		569,689	60,957	5,676,559	7,093,212
<b>Total current liabilities</b>	<b>329,962</b>		<b>779,843</b>		<b>17,274</b>	<b>1,296,140</b>	<b>194,161</b>	<b>147,252</b>	<b>619,705</b>	<b>2,186,453</b>	<b>118,750</b>	<b>81,402</b>	<b>1,426,491</b>	<b>94,660</b>	<b>5,758,575</b>	<b>13,050,668</b>
<b>Other liabilities</b>																
Other payables								75		3,005,967				3,789	1,089,454	4,099,285
Long-term debt, noncurrent															427,265	427,265
<b>Total other liabilities</b>								<b>75</b>		<b>3,005,967</b>				<b>3,789</b>	<b>1,516,719</b>	<b>4,526,550</b>
<b>Total liabilities</b>	<b>329,962</b>		<b>779,843</b>		<b>17,274</b>	<b>1,296,140</b>	<b>194,161</b>	<b>147,327</b>	<b>619,705</b>	<b>5,192,420</b>	<b>118,750</b>	<b>81,402</b>	<b>1,426,491</b>	<b>98,449</b>	<b>7,275,294</b>	<b>17,577,218</b>
<b>NET ASSETS</b>																
Unrestricted	645,174	\$2,756,283	6,649,826	\$60,548	402,844	2,324,593	177,888	325,326	8,157,007	1,471,307	261,894	658,508	1,509,522	14,680	4,613,449	30,028,849
Temporarily restricted																
Scholarships & fellowships						5,538,523			1,726,628	4,808,939						12,074,090
Research						3,542				601,456						604,998
Other	5,176,232			38,077	2,681,561	9,947,817	16,599,092	3,679,096	24,361,196	16,909,590	10,503	280,763			23,149	79,707,076
Permanently restricted																
Scholarships & fellowships						20,338,057			18,669,693	11,330,594						50,338,344
Research						10,003				210,633						220,636
Other					4,089,121	13,308,964		6,458,697	13,251,128	11,892,177	8,642	1,934,781				50,943,510
<b>Total net assets</b>	<b>5,821,406</b>	<b>2,756,283</b>	<b>6,649,826</b>	<b>98,625</b>	<b>7,173,526</b>	<b>51,471,499</b>	<b>16,776,980</b>	<b>10,463,119</b>	<b>66,165,652</b>	<b>47,224,696</b>	<b>281,039</b>	<b>2,874,052</b>	<b>1,509,522</b>	<b>14,680</b>	<b>4,636,598</b>	<b>223,917,503</b>
<b>Total liabilities &amp; net assets</b>	<b>\$6,151,368</b>	<b>\$2,756,283</b>	<b>\$7,429,669</b>	<b>\$98,625</b>	<b>\$7,190,800</b>	<b>\$52,767,639</b>	<b>\$16,971,141</b>	<b>\$10,610,446</b>	<b>\$66,785,357</b>	<b>\$52,417,116</b>	<b>\$399,789</b>	<b>\$2,955,454</b>	<b>\$2,936,013</b>	<b>\$113,129</b>	<b>\$11,911,892</b>	<b>\$241,494,721</b>

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS  
YEAR ENDED JUNE 30, 2012

	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.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward 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
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>																
<b>Revenues</b>																
Contributions & grants	\$1,079,206	\$1,946	\$10,592		\$523	\$440,590	\$315,598	\$444,190	\$235,782	\$301,081	\$703,225	\$349,861	\$1,377,613	\$523,040		\$5,783,247
Investment income (loss)	15,254	22,613	(249,466)	\$805	149,783	219,884	10,817	2,117	(149,408)	(42,238)	153,162	33,568			\$179,409	346,300
Other income	286,198	125,023	1,796,476		98,861	892,238	205,321	187,535	710,230	1,606,881	298,870	327,311	473	47,667	1,514,128	8,097,212
Assets released from restrictions	25,000			54,177	537,829	4,877,023	1,727,792	1,488,799	1,491,004	4,814,118	1,150	182,494			23,149	15,222,535
<b>Total revenues</b>	<b>1,405,658</b>	<b>149,582</b>	<b>1,557,602</b>	<b>54,982</b>	<b>786,996</b>	<b>6,429,735</b>	<b>2,259,528</b>	<b>2,122,641</b>	<b>2,287,608</b>	<b>6,679,842</b>	<b>1,156,407</b>	<b>893,234</b>	<b>1,378,086</b>	<b>570,707</b>	<b>1,716,686</b>	<b>29,449,294</b>
<b>Expenses</b>																
Program	739,579	61,456	1,084,973	52,932	756,528	5,262,177	1,960,112	1,494,437	2,165,881	5,878,180	709,724	587,484	1,853,303	535,431	342,493	23,484,690
General & administrative	240,900	87,196	733,667	1,687	45,894	492,820	336,952	142,979	339,141	417,147	380,537	162,925	864,310	13,424	99,682	4,359,261
Fundraising	345,499			372	66,965	249,997		32,677	252,155	167,404	7,605	41,149				1,163,823
Other expense								428,671			67,450				1,063,962	1,560,083
<b>Total expenses</b>	<b>1,325,978</b>	<b>148,652</b>	<b>1,818,640</b>	<b>54,991</b>	<b>869,387</b>	<b>6,004,994</b>	<b>2,297,064</b>	<b>2,098,764</b>	<b>2,757,177</b>	<b>6,462,731</b>	<b>1,165,316</b>	<b>791,558</b>	<b>2,717,613</b>	<b>548,855</b>	<b>1,506,137</b>	<b>30,567,857</b>
<b>Change in unrestricted net assets</b>	<b>79,680</b>	<b>930</b>	<b>(261,038)</b>	<b>(9)</b>	<b>(82,391)</b>	<b>424,741</b>	<b>(37,536)</b>	<b>23,877</b>	<b>(469,569)</b>	<b>217,111</b>	<b>(8,909)</b>	<b>101,676</b>	<b>(1,339,527)</b>	<b>21,852</b>	<b>210,549</b>	<b>(1,118,563)</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>																
Contributions & grants				45,000	348,883	3,765,159	1,135,372	887,656	1,278,937	8,778,071		300,546				16,539,624
Investment income (loss)	199,185				(137,132)	831,653	224,031	85,549	(757,804)	(757,452)		25,297				(286,673)
Other income					55,717	621,694	229,095	80,745	79,307	88,512						1,155,070
Assets released from restrictions	(25,000)			(54,177)	(912,828)	(4,799,263)	(1,727,792)	(1,517,793)	(1,539,438)	(4,844,731)	(1,150)	(182,494)			(23,149)	(15,627,815)
<b>Change in temporarily restricted net assets</b>	<b>174,185</b>			<b>(9,177)</b>	<b>(645,360)</b>	<b>419,243</b>	<b>(139,294)</b>	<b>(463,843)</b>	<b>(938,998)</b>	<b>3,264,400</b>	<b>(1,150)</b>	<b>143,349</b>			<b>(23,149)</b>	<b>1,780,206</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>																
Contributions & grants						788,907		127,335	2,566,949	133,147		29,833				3,646,171
Investment income (loss)					45				122,146	(21,222)		(6,685)				94,284
Other income						13,800										13,800
Assets released from restrictions					374,999	(77,760)		28,994	48,434	30,613						405,280
<b>Change in permanently restricted net assets</b>					<b>375,044</b>	<b>724,947</b>		<b>156,329</b>	<b>2,737,529</b>	<b>142,538</b>		<b>23,148</b>				<b>4,159,535</b>
<b>Total change in net assets</b>	<b>253,865</b>	<b>930</b>	<b>(261,038)</b>	<b>(9,186)</b>	<b>(352,707)</b>	<b>1,568,931</b>	<b>(176,830)</b>	<b>(283,637)</b>	<b>1,328,962</b>	<b>3,624,049</b>	<b>(10,059)</b>	<b>268,173</b>	<b>(1,339,527)</b>	<b>21,852</b>	<b>187,400</b>	<b>4,821,178</b>
<b>Net assets - beginning of year</b>	<b>5,821,406</b>	<b>2,756,283</b>	<b>6,649,826</b>	<b>98,625</b>	<b>7,173,526</b>	<b>51,471,499</b>	<b>16,776,980</b>	<b>10,463,119</b>	<b>66,165,652</b>	<b>47,224,696</b>	<b>281,039</b>	<b>2,874,052</b>	<b>1,509,522</b>	<b>14,680</b>	<b>4,636,598</b>	<b>223,917,503</b>
<b>Net assets - end of year</b>	<b>\$6,075,271</b>	<b>\$2,757,213</b>	<b>\$6,388,788</b>	<b>\$89,439</b>	<b>\$6,820,819</b>	<b>\$53,040,430</b>	<b>\$16,600,150</b>	<b>\$10,179,482</b>	<b>\$67,494,614</b>	<b>\$50,848,745</b>	<b>\$270,980</b>	<b>\$3,142,225</b>	<b>\$169,995</b>	<b>\$36,532</b>	<b>\$4,823,998</b>	<b>\$228,738,681</b>

UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS  
YEAR ENDED JUNE 30, 2011

	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.	Harry R. Hughes Center for Argo-Ecology, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore Foundation, Inc.	Salisbury University Foundation, Inc.	The Ward 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
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>																
<b>Revenues</b>																
Contributions & grants	\$1,510,431	\$2,526	\$9,294	\$10,500	\$420	\$288,793	\$348,293	\$260,715	\$354,569	\$208,548	\$734,763	\$183,171	\$4,898,276	\$605,308		\$9,415,607
Investment income (loss)	159,757	411,835	766,105	1,052	229,750	2,690,496	133,097	(72,476)	4,403,900	1,665,677	127,970	284,484			\$604,334	11,405,981
Other income	293,674	122,388	927,816	4,131	54,666	905,176	191,436	139,697	79,565	1,342,364	545,339	274,476	31,205	33,884	1,495,251	6,441,068
Assets released from restrictions				83,178	706,738	3,648,789	1,562,984	1,063,383	1,179,489	4,847,806	10,750	141,081			36,351	13,280,549
<b>Total revenues</b>	<b>1,963,862</b>	<b>536,749</b>	<b>1,703,215</b>	<b>98,861</b>	<b>991,574</b>	<b>7,533,254</b>	<b>2,235,810</b>	<b>1,391,319</b>	<b>6,017,523</b>	<b>8,064,395</b>	<b>1,418,822</b>	<b>883,212</b>	<b>4,929,481</b>	<b>639,192</b>	<b>2,135,936</b>	<b>40,543,205</b>
<b>Expenses</b>																
Program	1,269,008	53,321	549,001	36,179	680,421	5,318,796	1,855,543	1,085,104	1,996,063	8,347,148	677,360	545,683	3,825,871	602,925	295,036	27,137,459
General & administrative	412,545	85,894	713,254	2,086	46,325	450,609	333,314	225,482	267,965	359,980	374,876	168,041	1,225,833	16,085	60,248	4,742,537
Fundraising	154,400			48	76,944	207,854		30,963	225,950	160,433	15,707	35,604				907,903
Other expense								153,777			88,985		100,000		886,550	1,229,312
<b>Total expenses</b>	<b>1,835,953</b>	<b>139,215</b>	<b>1,262,255</b>	<b>38,313</b>	<b>803,690</b>	<b>5,977,259</b>	<b>2,188,857</b>	<b>1,495,326</b>	<b>2,489,978</b>	<b>8,867,561</b>	<b>1,156,928</b>	<b>749,328</b>	<b>5,151,704</b>	<b>619,010</b>	<b>1,241,834</b>	<b>34,017,211</b>
<b>Change in unrestricted net assets</b>	<b>127,909</b>	<b>397,534</b>	<b>440,960</b>	<b>60,548</b>	<b>187,884</b>	<b>1,555,995</b>	<b>46,953</b>	<b>(104,007)</b>	<b>3,527,545</b>	<b>(803,166)</b>	<b>261,894</b>	<b>133,884</b>	<b>(222,223)</b>	<b>20,182</b>	<b>894,102</b>	<b>6,525,994</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>																
Contributions & grants	25,000			44,200	259,658	2,549,831	1,919,850	545,412	1,470,587	2,128,793	1,095	267,534				9,211,960
Investment income	1,413,521				543,772	5,658,521	2,222,951	911,105	3,116,917	6,280,819		22,050				20,169,656
Other income				77,055	115,682	802,415	206,434	162,928	109,376	315,996	20,158					1,810,044
Assets released from restrictions				(83,178)	(836,975)	(3,648,578)	(1,562,984)	(143,245)	(1,356,863)	(4,847,806)	(10,750)	(141,081)			(36,351)	(12,667,811)
<b>Change in temporarily restricted net assets</b>	<b>1,438,521</b>			<b>38,077</b>	<b>82,137</b>	<b>5,362,189</b>	<b>2,786,251</b>	<b>1,476,200</b>	<b>3,340,017</b>	<b>3,877,802</b>	<b>10,503</b>	<b>148,503</b>			<b>(36,351)</b>	<b>18,523,849</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>																
Contributions & grants					4,139	664,738		140,972	479,587	156,238		49,624				1,495,298
Investment income (loss)					2,765				20,000	269,885		32,089				324,739
Other income						13,779					8,642					22,421
Assets released from restrictions					130,237	(211)		(920,138)	177,374							(612,738)
<b>Change in permanently restricted net assets</b>					<b>137,141</b>	<b>678,306</b>		<b>(779,166)</b>	<b>676,961</b>	<b>426,123</b>	<b>8,642</b>	<b>81,713</b>				<b>1,229,720</b>
<b>Total change in net assets</b>	<b>1,566,430</b>	<b>397,534</b>	<b>440,960</b>	<b>98,625</b>	<b>407,162</b>	<b>7,596,490</b>	<b>2,833,204</b>	<b>593,027</b>	<b>7,544,523</b>	<b>3,500,759</b>	<b>281,039</b>	<b>364,100</b>	<b>(222,223)</b>	<b>20,182</b>	<b>857,751</b>	<b>26,279,563</b>
<b>Net assets (deficit) beginning of year</b>	<b>4,254,976</b>	<b>2,358,749</b>	<b>6,208,866</b>		<b>6,766,364</b>	<b>43,875,009</b>	<b>13,943,776</b>	<b>9,870,092</b>	<b>58,621,129</b>	<b>43,723,937</b>		<b>2,509,952</b>	<b>1,731,745</b>	<b>(5,502)</b>	<b>3,778,847</b>	<b>197,637,940</b>
<b>Net assets (deficit) end of year</b>	<b>\$5,821,406</b>	<b>\$2,756,283</b>	<b>\$6,649,826</b>	<b>\$98,625</b>	<b>\$7,173,526</b>	<b>\$51,471,499</b>	<b>\$16,776,980</b>	<b>\$10,463,119</b>	<b>\$66,165,652</b>	<b>\$47,224,696</b>	<b>\$281,039</b>	<b>\$2,874,052</b>	<b>\$1,509,522</b>	<b>\$14,680</b>	<b>\$4,636,598</b>	<b>\$223,917,503</b>

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO SUPPLEMENTAL DATA YEARS ENDED JUNE 30, 2012 AND 2011

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#### ACCOUNTING AND REPORTING PRACTICES

##### Supplemental data reporting units

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

##### Facilities maintenance expenses

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

##### System-wide financing arrangements

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

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



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