



Financial Statements and Supplementary Information and Data  
Together with Reports of Independent Public Accountants

For the Years Ended June 30, 2018 and 2017

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**UNIVERSITY SYSTEM OF MARYLAND**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Regents  
University System of Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the University System of Maryland (the System), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The System's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 97 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 have been furnished to us, and our opinion, insofar as it relates to the amounts included for those 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

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 its discretely presented component units as of June 30, 2018 and 2017, and the respective changes in their financial position and, where applicable, their cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, and the schedule of contributions 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 Governmental 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 audit 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.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplementary 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018 on our consideration of the System's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Hunt Valley, Maryland  
October 31, 2018

**UNIVERSITY SYSTEM OF MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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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, 2018 and 2017, with 2016 information for comparative purposes.

**Financial Highlights**

- Unrestricted net position increased by \$118,794,140 for the year ended June 30, 2018, compared to an increase of \$87,537,605 for the year ended June 30, 2017.
- State appropriations for the System increased by 2.6% for the year ended June 30, 2018. For the year ended June 30, 2017, State appropriations increased by 3.0% from the amount received in the year ended June 30, 2016.
- Tuition and fees, after deducting scholarship allowances, increased by \$54,789,973 or 4.1% for the year ended June 30, 2018. During the year ended June 30, 2017, net tuition and fees, increased by \$46,887,482 or 3.6%.
- For the year ended June 30, 2018, investment income on Endowment assets was \$23,171,003, representing an investment return of 9%. Investment income on Endowment assets amounted to \$24,998,606, an investment return of 13%, for the year ended June 30, 2017.

**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 Position, and the Statement of Cash Flows.

The *Balance Sheet* presents information on the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, all as of the end of the reporting period. Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, 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 position can help in understanding whether the financial condition of the System is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information on the changes in net position during the year. All changes in net position are reported as soon as the underlying event takes place, regardless of the timing of the related cash flows. Thus, revenues and expenses are recorded for some items that will result in cash flows in future fiscal years (for example tuition and fees owed by students, or vacation earned by employees but not used as of the date of the financial statements).

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2018 AND 2017

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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 19 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 19 component units, three are considered major component units due to their significance in terms of size.

The focus 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, 2018, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$6,468,889,005, shown on the Balance Sheet as total net position. This compares with total net position of \$6,130,490,901 as of June 30, 2017 and \$5,774,898,378 as of June 30, 2016. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2018, total net position increased by \$338,398,104. While net investment in capital assets increased by \$228,014,304, unrestricted net position increased by \$118,794,140 and restricted net position categories decreased by \$8,410,340.

For the year ended June 30, 2017, total net position increased by \$355,592,523. While net investment in capital assets increased by \$266,036,162, unrestricted net position increased by \$87,537,605 and restricted net position categories increased by \$2,018,756.

**UNIVERSITY SYSTEM OF MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

The table below presents summary-level information of the System's assets, liabilities, and net position as of June 30, 2018, 2017 and 2016.

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current and other assets	\$ 3,137,784,825	\$ 2,898,981,768	\$ 2,813,870,299
Capital assets, net	6,465,263,867	6,270,469,058	6,014,590,059
Total assets	9,603,048,692	9,169,450,826	8,828,460,358
Deferred outflows of resources	486,760,958	603,156,888	380,912,045
Total assets and deferred outflows of resources	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>	<u>\$ 9,209,372,403</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Debt and capital lease obligations	\$ 1,286,257,221	\$ 1,297,820,817	\$ 1,270,382,208
Other liabilities	792,360,653	751,817,540	793,272,313
Net pension liability	1,130,058,957	1,216,808,542	966,400,173
Total liabilities	3,208,676,831	3,266,446,899	3,030,054,694
Deferred inflows of resources	412,243,814	375,669,914	404,419,331
Total liabilities and deferred inflows of resources	<u>3,620,920,645</u>	<u>3,642,116,813</u>	<u>3,434,474,025</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,998,212,194	4,770,197,890	4,504,161,728
Restricted	232,179,429	240,589,769	238,571,013
Unrestricted	1,238,497,382	1,119,703,242	1,032,165,637
Total net position	<u>6,468,889,005</u>	<u>6,130,490,901</u>	<u>5,774,898,378</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>	<u>\$ 9,209,372,403</u>



**UNIVERSITY SYSTEM OF MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

The table below presents summary-level information on revenues, expenses, and other changes in the System's net position for the years ended June 30, 2018, 2017 and 2016.

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Operating revenues	\$ 3,601,883,828	\$ 3,515,720,214	\$ 3,386,707,426
Operating expenses	5,118,945,734	4,919,209,000	4,707,649,099
Operating loss	(1,517,061,906)	(1,403,488,786)	(1,320,941,673)
State appropriations	1,328,645,088	1,295,338,118	1,257,323,499
Other nonoperating revenues, net	262,153,113	233,175,561	186,540,567
Total nonoperating revenues	1,590,798,201	1,528,513,679	1,443,864,066
Income before other revenues	73,736,295	125,024,893	122,922,393
Other revenues	264,661,809	230,567,630	393,796,051
Increase in net position	338,398,104	355,592,523	516,718,444
Net position, beginning of year	6,130,490,901	5,774,898,378	5,258,179,934
Net position, end of year	\$ 6,468,889,005	\$ 6,130,490,901	\$ 5,774,898,378

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

For the years ended June 30, 2018, 2017 and 2016, operating revenues, which under the definitions used by the Governmental Accounting Standards Board (GASB), excludes state appropriations, are detailed below:

	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Tuition and fees, net	\$ 1,388,134,242	38.6 %	\$ 1,333,344,269	37.9 %	\$ 1,286,456,787	38.0 %
Contracts and grants	1,157,068,340	32.1	1,116,480,044	31.8	1,075,522,289	31.8
Sales and services of educational departments	328,787,009	9.1	344,781,319	9.8	342,146,755	10.1
Auxiliary enterprises, net	652,228,180	18.1	644,117,225	18.3	617,436,075	18.2
Other operating	75,666,057	2.1	76,997,357	2.2	65,145,520	1.9
Total	\$ 3,601,883,828	100.0 %	\$ 3,515,720,214	100.0 %	\$ 3,386,707,426	100.0 %

**UNIVERSITY SYSTEM OF MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

For the years ended June 30, 2018, 2017 and 2016, operating expenses are detailed below:

	2018		2017		2016	
	\$	%	\$	%	\$	%
Instruction	\$ 1,341,989,472	26.2 %	\$ 1,304,339,999	26.6 %	\$ 1,247,404,365	26.5 %
Research	1,048,328,939	20.5	1,006,751,565	20.5	964,465,402	20.5
Public service	162,474,866	3.2	159,815,026	3.2	164,703,932	3.5
Academic support	467,594,558	9.1	451,797,952	9.2	418,943,312	8.9
Student services	268,680,489	5.2	242,660,746	4.9	225,731,947	4.8
Institutional support	531,306,794	10.4	507,673,901	10.3	481,794,470	10.2
Operation and maintenance of plant	373,714,746	7.3	353,917,522	7.2	328,367,297	7.0
Scholarships and fellowships	120,668,204	2.4	110,187,780	2.2	110,541,568	2.3
Auxiliary enterprises	592,972,508	11.6	574,454,741	11.7	563,765,711	12.0
Hospital	211,215,158	4.1	207,609,768	4.2	201,931,095	4.3
<b>Total</b>	<b>\$ 5,118,945,734</b>	<b>100.0 %</b>	<b>\$ 4,919,209,000</b>	<b>100.0 %</b>	<b>\$ 4,707,649,099</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.

For the years ended June 30, 2018 and 2017, increases in total employee payments of \$70,180,482 and \$140,367,529, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2018 and 2017, the largest increases associated with employee payments were for instruction 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
- maintenance and renewal needs for existing facilities.

**UNIVERSITY SYSTEM OF MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>
State of Maryland debt proceeds	\$228,607,790	\$208,834,385	\$358,198,458
System debt proceeds	129,433,987	118,276,999	159,982,972
System cash balances and donations	179,634,557	247,571,537	179,908,421
<b>Total</b>	<b>\$537,676,334</b>	<b>\$574,682,921</b>	<b>\$698,089,851</b>

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, 2018</b>		
Health Sciences Facility III	University of Maryland, Baltimore	\$305,392,000
A. James Clark Bioengineering Building	University of Maryland, College Park	168,475,000
Event Center and Arena	University of Maryland Baltimore County	85,374,000
<b>Year ended June 30, 2017</b>		
Edward St. John Learning and Teaching Center	University of Maryland, College Park	\$119,156,000
Natural Sciences Building	Bowie State University	102,171,000
New Academic Commons	Salisbury University	117,088,000
West Village Housing	Towson University	100,150,000
<b>Year ended June 30, 2016</b>		
Engineering and Aviation Sciences Facility	University of Maryland Eastern Shore	\$101,207,000
New Science and Technology Center	Coppin State University	126,020,000

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. On June 1, 2018, the System redeemed the outstanding principal balance of \$35,000,000.

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, 2018, 2017 and 2016, as follows:

<b>Debt issuance</b>	<b>Date of issue</b>	<b>Purpose</b>	<b>Total Par Value Issued</b>	<b>Present Value of Future Debt Service Savings</b>
2016 Series A and B	2/18/2016	Refinancing, construction, and facilities renewal	\$201,735,000	\$ 5,010,945
2017 Series A and B	2/15/2017	Refinancing, construction, and facilities renewal	165,075,000	4,540,054
2018 Series A	2/18/2018	Construction and facilities renewal	115,000,000	N/A

The System continually pursues opportunities to reduce its overall effective cost of capital financing, and

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2018 AND 2017

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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 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 approximately 7.0% more full-time equivalent students anticipated by the fall 2027. Preliminary fall 2018 enrollment indicates an increase in headcount enrollment of more than 900 students.

The University of Maryland, College Park, the University of Maryland, Baltimore, and the University of Maryland, Baltimore County each have considerable numbers of faculty that pursue research grants and other sponsored funding arrangements. Indirect cost recoveries associated with contracts and grants are an important funding source for institution's administrative costs. The Federal Budget Control Act places limits on Federal government spending commonly referred to as sequestration. These limits have constrained Federal spending on research activities, will reduce indirect cost recoveries generally, and will continue, unless Congress and the President agree upon and enact legislation that relieves the constraints on governmental spending currently in place.

As a region with a significant Federal government employee population, the potential for significant reductions in Federal spending in all likelihood would 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.

#### **Requests for Information**

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

**UNIVERSITY SYSTEM OF MARYLAND  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,333,139,133	\$ 2,173,087,940
Accounts receivable, net	292,311,191	275,273,036
Notes receivable, current portion, net	6,521,332	8,647,499
Inventories	9,216,939	10,659,675
Prepaid expenses and other	<u>18,440,579</u>	<u>14,037,560</u>
<b>Total current assets</b>	<u>2,659,629,174</u>	<u>2,481,705,710</u>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	95,885,066	100,060,603
Endowment investments	328,770,327	264,216,610
Other investments	16,813,151	11,087,345
Notes receivable, net	36,687,107	41,911,500
Capital assets, net	<u>6,465,263,867</u>	<u>6,270,469,058</u>
<b>Total noncurrent assets</b>	<u>6,943,419,518</u>	<u>6,687,745,116</u>
<b>Total assets</b>	9,603,048,692	9,169,450,826
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>486,760,958</u>	<u>603,156,888</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 268,551,512	\$ 269,144,379
Accrued workers' compensation, current portion	4,405,800	4,440,600
Accrued vacation costs, current portion	105,995,954	104,818,549
Revenue bonds and notes payable, current portion	97,913,227	93,370,871
Obligations under capital lease agreements, current portion	1,548,767	1,450,296
Unearned revenues	<u>278,896,782</u>	<u>239,825,944</u>
<b>Total current liabilities</b>	<u>757,312,042</u>	<u>713,050,639</u>
<b>Noncurrent liabilities:</b>		
Accrued workers' compensation	24,966,200	25,163,400
Accrued vacation costs	109,544,405	108,424,668
Revenue bonds and notes payable	1,182,297,867	1,196,953,524
Obligations under capital lease agreements	4,497,360	6,046,126
Net pension liability	<u>1,130,058,957</u>	<u>1,216,808,542</u>
<b>Total noncurrent liabilities</b>	<u>2,451,364,789</u>	<u>2,553,396,260</u>
<b>Total liabilities</b>	<u>3,208,676,831</u>	<u>3,266,446,899</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>412,243,814</u>	<u>375,669,914</u>
<b>NET POSITION</b>		
Unrestricted	1,238,497,382	1,119,703,242
Net investment in capital assets	4,998,212,194	4,770,197,890
Restricted:		
Nonexpendable	38,438,222	37,625,121
Expendable	<u>193,741,207</u>	<u>202,964,648</u>
<b>Total net position</b>	<u>6,468,889,005</u>	<u>6,130,490,901</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 10,089,809,650</u>	<u>\$ 9,772,607,714</u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND**  
**COMBINING BALANCE SHEETS, COMPONENT UNITS**  
**JUNE 30, 2018**

	<b>Major Component Units</b>				
	<b>University System of Maryland Foundation, Inc.</b>	<b>University of Maryland College Park Foundation, Inc.</b>	<b>University of Maryland Baltimore Foundation, Inc.</b>	<b>Nonmajor Component Units</b>	<b>Total</b>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$ 310,000	\$ 38,362,709	\$ 2,195,891	\$ 23,058,160	\$ 63,926,760
Accounts receivable, net	1,990,000	78,999,272	21,006,480	9,368,168	111,363,920
Other assets	67,000	51,385	23,350	820,563	962,298
<b>Total current assets</b>	<b>2,367,000</b>	<b>117,413,366</b>	<b>23,225,721</b>	<b>33,246,891</b>	<b>176,252,978</b>
<b>Investments</b>					
Endowment investments	285,509,000	355,271,571	204,804,169	239,944,579	1,085,529,319
Other investments	465,840,000	68,984,951	68,472,892	31,696,593	634,994,436
<b>Total investments</b>	<b>751,349,000</b>	<b>424,256,522</b>	<b>273,277,061</b>	<b>271,641,172</b>	<b>1,720,523,755</b>
<b>Noncurrent assets</b>					
Accounts receivable, net	11,680,000	84,708,470	27,484,229	8,458,855	132,331,554
Capital assets, net	14,090,000	31,506,104		21,159,098	66,755,202
Other assets	467,000	564,154	4,479,899	2,669,801	8,180,854
<b>Total noncurrent assets</b>	<b>26,237,000</b>	<b>116,778,728</b>	<b>31,964,128</b>	<b>32,287,754</b>	<b>207,267,610</b>
<b>Total assets</b>	<b>\$ 779,953,000</b>	<b>\$ 658,448,616</b>	<b>\$ 328,466,910</b>	<b>\$ 337,175,817</b>	<b>\$ 2,104,044,343</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable & accrued expenses	\$ 4,058,000	\$ 1,437,728	\$ 1,243,849	\$ 3,063,287	\$ 9,802,864
Long-term debt, current				2,779,326	2,779,326
Unearned revenues	2,141,000	1,337,531		7,422,520	10,901,051
<b>Total current liabilities</b>	<b>6,199,000</b>	<b>2,775,259</b>	<b>1,243,849</b>	<b>13,265,133</b>	<b>23,483,241</b>
<b>Noncurrent liabilities</b>					
Other payables	80,385,927	14,928,297	1,791,227	2,226,842	99,332,293
Due to primary government	328,652,073				328,652,073
Long-term debt, noncurrent				18,007,889	18,007,889
<b>Total noncurrent liabilities</b>	<b>409,038,000</b>	<b>14,928,297</b>	<b>1,791,227</b>	<b>20,234,731</b>	<b>445,992,255</b>
<b>Total liabilities</b>	<b>415,237,000</b>	<b>17,703,556</b>	<b>3,035,076</b>	<b>33,499,864</b>	<b>469,475,496</b>
<b>NET ASSETS</b>					
Unrestricted	63,966,000	4,703,621	34,461,827	42,744,638	145,876,086
Temporarily restricted:					
Scholarships & fellowships	18,149,000	55,876,000	24,016,823	37,220,849	135,262,672
Research	18,205,000	14,151,000	8,213,013	1,603,540	42,172,553
Other	42,590,000	195,005,466	66,545,272	72,076,129	376,216,867
Permanently restricted:					
Scholarships & fellowships	129,877,000	98,480,000	42,249,196	85,118,853	355,725,049
Research	2,575,000	3,227,000	3,351,796	500,925	9,654,721
Other	89,354,000	269,301,973	146,593,907	64,411,019	569,660,899
<b>Total net assets</b>	<b>364,716,000</b>	<b>640,745,060</b>	<b>325,431,834</b>	<b>303,675,953</b>	<b>1,634,568,847</b>
<b>Total liabilities and net assets</b>	<b>\$ 779,953,000</b>	<b>\$ 658,448,616</b>	<b>\$ 328,466,910</b>	<b>\$ 337,175,817</b>	<b>\$ 2,104,044,343</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND**  
**COMBINING BALANCE SHEETS, COMPONENT UNITS**  
**JUNE 30, 2017**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$ 142,000	\$ 44,129,606	\$ 2,293,563	\$ 23,601,776	\$ 70,166,945
Accounts receivable, net	4,704,000	42,532,144	20,193,234	9,857,648	77,287,026
Other assets	217,000	1,080,013		829,036	2,126,049
<b>Total current assets</b>	<b>5,063,000</b>	<b>87,741,763</b>	<b>22,486,797</b>	<b>34,288,460</b>	<b>149,580,020</b>
<b>Investments</b>					
Endowment investments	267,408,000	316,109,344	186,009,211	224,466,827	993,993,382
Other investments	386,041,000	71,174,370	63,163,511	28,375,169	548,754,050
<b>Total investments</b>	<b>653,449,000</b>	<b>387,283,714</b>	<b>249,172,722</b>	<b>252,841,996</b>	<b>1,542,747,432</b>
<b>Noncurrent assets</b>					
Accounts receivable, net	11,831,000	46,300,159	22,814,961	7,048,577	87,994,697
Capital assets, net	13,349,000	20,160,075		25,626,893	59,135,968
Other assets	435,000	580,367	4,120,505	2,633,960	7,769,832
<b>Total noncurrent assets</b>	<b>25,615,000</b>	<b>67,040,601</b>	<b>26,935,466</b>	<b>35,309,430</b>	<b>154,900,497</b>
<b>Total assets</b>	<b>\$ 684,127,000</b>	<b>\$ 542,066,078</b>	<b>\$ 298,594,985</b>	<b>\$ 322,439,886</b>	<b>\$ 1,847,227,949</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable & accrued expenses	\$ 3,317,000	\$ 10,508,561	\$ 1,728,977	\$ 3,919,248	\$ 19,473,786
Long-term debt, current				3,552,046	3,552,046
Unearned revenues	2,319,000	1,224,495		7,497,737	11,041,232
<b>Total current liabilities</b>	<b>5,636,000</b>	<b>11,733,056</b>	<b>1,728,977</b>	<b>14,969,031</b>	<b>34,067,064</b>
<b>Noncurrent liabilities</b>					
Other payables	70,124,399	15,379,155	1,719,965	2,534,545	89,758,064
Due to primary government	264,107,601				264,107,601
Long-term debt, noncurrent				18,285,485	18,285,485
<b>Total noncurrent liabilities</b>	<b>334,232,000</b>	<b>15,379,155</b>	<b>1,719,965</b>	<b>20,820,030</b>	<b>372,151,150</b>
<b>Total liabilities</b>	<b>339,868,000</b>	<b>27,112,211</b>	<b>3,448,942</b>	<b>35,789,061</b>	<b>406,218,214</b>
<b>NET ASSETS</b>					
Unrestricted	62,829,000	9,025,894	31,413,762	40,363,353	143,632,009
Temporarily restricted:					
Scholarships & fellowships	18,359,000	44,407,000	15,160,430	33,098,754	111,025,184
Research	18,034,000	13,926,000	8,019,587	802,903	40,782,490
Other	44,512,000	174,857,630	61,421,211	68,481,871	349,272,712
Permanently restricted:					
Scholarships & fellowships	116,139,000	92,220,000	39,869,963	81,919,339	330,148,302
Research	2,439,000	3,172,000	3,377,158	493,643	9,481,801
Other	81,947,000	177,345,343	135,883,932	61,490,962	456,667,237
<b>Total net assets</b>	<b>344,259,000</b>	<b>514,953,867</b>	<b>295,146,043</b>	<b>286,650,825</b>	<b>1,441,009,735</b>
<b>Total liabilities and net assets</b>	<b>\$ 684,127,000</b>	<b>\$ 542,066,078</b>	<b>\$ 298,594,985</b>	<b>\$ 322,439,886</b>	<b>\$ 1,847,227,949</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$ 1,710,962,609	\$ 1,628,712,485
Less: scholarship allowances	<u>(322,828,367)</u>	<u>(295,368,216)</u>
Federal grants and contracts	717,304,312	677,154,092
State and local grants and contracts	210,117,713	205,676,639
Nongovernmental grants and contracts	229,646,315	233,649,313
Sales and services of educational departments	328,787,009	344,781,319
Auxiliary enterprises	677,636,114	668,971,168
Less: scholarship allowances	<u>(25,407,934)</u>	<u>(24,853,943)</u>
Other operating revenues	<u>75,666,057</u>	<u>76,997,357</u>
<b>Total operating revenues</b>	<u><b>3,601,883,828</b></u>	<u><b>3,515,720,214</b></u>
<b>OPERATING EXPENSES:</b>		
Instruction	1,341,989,472	1,304,339,999
Research	1,048,328,939	1,006,751,565
Public service	162,474,866	159,815,026
Academic support	467,594,558	451,797,952
Student services	268,680,489	242,660,746
Institutional support	531,306,794	507,673,901
Operation and maintenance of plant	373,714,746	353,917,522
Scholarships and fellowships	120,668,204	110,187,780
Auxiliary enterprises	592,972,508	574,454,741
Hospital	<u>211,215,158</u>	<u>207,609,768</u>
<b>Total operating expenses</b>	<u><b>5,118,945,734</b></u>	<u><b>4,919,209,000</b></u>
<b>Operating loss</b>	<u><b>(1,517,061,906)</b></u>	<u><b>(1,403,488,786)</b></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	1,328,645,088	1,295,338,118
Pell grants	162,894,822	147,457,189
Gifts	63,976,147	50,652,089
Investment income	69,665,122	65,280,437
Less: investment expense	<u>(1,054,520)</u>	<u>(714,292)</u>
Interest on indebtedness	(41,485,749)	(42,826,529)
Other revenues and gains, net	<u>8,157,291</u>	<u>13,326,667</u>
<b>Total nonoperating revenues</b>	<u><b>1,590,798,201</b></u>	<u><b>1,528,513,679</b></u>
<b>Income before other revenues</b>	<u><b>73,736,295</b></u>	<u><b>125,024,893</b></u>
<b>OTHER REVENUES:</b>		
Capital appropriations	228,607,790	208,834,385
Capital gifts and grants	35,240,920	21,435,670
Additions to permanent endowments	<u>813,099</u>	<u>297,575</u>
<b>Total other revenues</b>	<u><b>264,661,809</b></u>	<u><b>230,567,630</b></u>
<b>Increase in net position</b>	<b>338,398,104</b>	<b>355,592,523</b>
<b>Net position - beginning of year</b>	<u><b>6,130,490,901</b></u>	<u><b>5,774,898,378</b></u>
<b>Net position - end of year</b>	<u><u><b>\$ 6,468,889,005</b></u></u>	<u><u><b>\$ 6,130,490,901</b></u></u>

See accompanying notes.



**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2018**

	Major Component Units				Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Nonmajor Component Units	
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>					
<b>Revenues</b>					
Contributions & grants	\$ 2,177,000	\$ 12,300	\$ 4,774,127	\$ 7,641,699	\$ 14,605,126
Investment income, net	4,729,000	2,710,671	2,338,637	3,229,960	13,008,268
Other income	6,995,000	2,613,603	1,136,500	9,198,365	19,943,468
Assets released from restrictions	19,056,000	62,222,764	19,783,836	24,586,967	125,649,567
<b>Total revenues</b>	<b>32,957,000</b>	<b>67,559,338</b>	<b>28,033,100</b>	<b>44,656,991</b>	<b>173,206,429</b>
<b>Expenses</b>					
Program	23,207,000	68,552,351	21,643,451	31,427,515	144,830,317
General & administrative	6,417,000	3,118,506	2,678,508	5,141,742	17,355,756
Fundraising	2,196,000	210,754	663,076	2,648,797	5,718,627
Other expense				3,057,652	3,057,652
<b>Total expenses</b>	<b>31,820,000</b>	<b>71,881,611</b>	<b>24,985,035</b>	<b>42,275,706</b>	<b>170,962,352</b>
<b>Change in unrestricted net assets</b>	<b>1,137,000</b>	<b>(4,322,273)</b>	<b>3,048,065</b>	<b>2,381,285</b>	<b>2,244,077</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>					
Contributions & grants	7,258,000	70,114,502	17,294,525	14,005,362	108,672,389
Investment income	9,837,000	24,208,952	16,943,138	16,268,527	67,257,617
Other income (loss)		(258,854)		1,792,665	1,533,811
Assets released from restrictions	(19,056,000)	(62,222,764)	(20,063,783)	(23,549,564)	(124,892,111)
<b>Change in temporarily restricted net assets</b>	<b>(1,961,000)</b>	<b>31,841,836</b>	<b>14,173,880</b>	<b>8,516,990</b>	<b>52,571,706</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>					
Contributions & grants	9,608,000	98,606,032	12,783,899	5,043,731	126,041,662
Investment income	11,671,000			2,101,970	13,772,970
Other income (loss)	2,000	(334,402)		18,555	(313,847)
Assets released from restrictions			279,947	(1,037,403)	(757,456)
<b>Change in permanently restricted net assets</b>	<b>21,281,000</b>	<b>98,271,630</b>	<b>13,063,846</b>	<b>6,126,853</b>	<b>138,743,329</b>
<b>Total change in net assets</b>	<b>20,457,000</b>	<b>125,791,193</b>	<b>30,285,791</b>	<b>17,025,128</b>	<b>193,559,112</b>
<b>Net assets - beginning of year</b>	<b>344,259,000</b>	<b>514,953,867</b>	<b>295,146,043</b>	<b>286,650,825</b>	<b>1,441,009,735</b>
<b>Net assets - end of year</b>	<b>\$ 364,716,000</b>	<b>\$ 640,745,060</b>	<b>\$ 325,431,834</b>	<b>\$ 303,675,953</b>	<b>\$ 1,634,568,847</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS  
YEAR ENDED JUNE 30, 2017**

	Major Component Units			Nonmajor Component Units	Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.		
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>					
<b>Revenues</b>					
Contributions & grants	\$ 1,890,000		\$ 3,265,507	\$ 6,805,642	\$ 11,961,149
Investment income, net	5,722,000	\$ 5,889,280	3,191,578	4,720,742	19,523,600
Other income	6,762,000	2,505,048	414,605	9,274,206	18,955,859
Assets released from restrictions	19,514,000	50,349,206	18,992,785	20,773,375	109,629,366
<b>Total revenues</b>	<b>33,888,000</b>	<b>58,743,534</b>	<b>25,864,475</b>	<b>41,573,965</b>	<b>160,069,974</b>
<b>Expenses</b>					
Program	24,149,000	55,482,971	22,950,190	29,896,385	132,478,546
General & administrative	5,512,000	3,382,842	2,044,531	4,982,330	15,921,703
Fundraising	2,163,000	210,725	614,418	2,613,117	5,601,260
Other expense				2,114,266	2,114,266
<b>Total expenses</b>	<b>31,824,000</b>	<b>59,076,538</b>	<b>25,609,139</b>	<b>39,606,098</b>	<b>156,115,775</b>
<b>Change in unrestricted net assets</b>	<b>2,064,000</b>	<b>(333,004)</b>	<b>255,336</b>	<b>1,967,867</b>	<b>3,954,199</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>					
Contributions & grants	16,443,000	46,839,871	13,041,706	16,570,755	92,895,332
Investment income	9,843,000	31,690,576	20,373,249	19,578,157	81,484,982
Other income (loss)		(284,246)	66,440	2,084,385	1,866,579
Assets released from restrictions	(19,514,000)	(50,349,206)	(19,707,644)	(18,130,646)	(107,701,496)
<b>Change in temporarily restricted net assets</b>	<b>6,772,000</b>	<b>27,896,995</b>	<b>13,773,751</b>	<b>20,102,651</b>	<b>68,545,397</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>					
Contributions & grants	3,182,000	16,340,401	14,833,064	3,051,993	37,407,458
Investment income	17,031,000			3,551,063	20,582,063
Other income	1,000	112,893		29,950	143,843
Assets released from restrictions			714,859	(2,642,729)	(1,927,870)
<b>Change in permanently restricted net assets</b>	<b>20,214,000</b>	<b>16,453,294</b>	<b>15,547,923</b>	<b>3,990,277</b>	<b>56,205,494</b>
<b>Total change in net assets</b>	<b>29,050,000</b>	<b>44,017,285</b>	<b>29,577,010</b>	<b>26,060,795</b>	<b>128,705,090</b>
<b>Net assets - beginning of year</b>	<b>315,209,000</b>	<b>470,936,582</b>	<b>265,569,033</b>	<b>260,590,030</b>	<b>1,312,304,645</b>
<b>Net assets - end of year</b>	<b>\$ 344,259,000</b>	<b>\$ 514,953,867</b>	<b>\$ 295,146,043</b>	<b>\$ 286,650,825</b>	<b>\$ 1,441,009,735</b>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 1,388,913,184	\$ 1,335,300,377
Research contracts and grants	1,156,963,441	1,091,125,237
Payments to employees	(3,279,967,356)	(3,364,136,415)
Payments to suppliers and contractors	(1,419,829,617)	(1,296,943,407)
Loans issued to students	(2,621,938)	(4,448,769)
Collection of loans from students	9,101,235	11,126,175
Auxiliary enterprises	661,488,874	634,864,394
Other receipts	474,650,090	491,888,890
	<b>(1,011,302,087)</b>	<b>(1,101,223,518)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	1,328,645,088	1,295,338,118
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	813,099	297,575
Pell grants	162,894,822	147,457,189
	<b>1,492,353,009</b>	<b>1,443,092,882</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	129,433,987	185,096,688
Capital appropriations	228,607,790	208,161,939
Capital grants and gifts received	32,218,419	14,830,645
Proceeds from sales of capital assets	2,232,896	1,062,625
Purchases of capital assets	(536,093,929)	(565,446,033)
Principal paid on debt and capital leases	(130,856,595)	(148,083,487)
Interest paid on debt and capital leases	(48,861,848)	(49,186,785)
	<b>(323,319,280)</b>	<b>(353,564,408)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	11,822,618	18,831,467
Interest on investments	45,420,211	38,154,673
Investment expense	(1,062,634)	(714,292)
Purchases of investments	(58,036,181)	(1,948,281)
	<b>(1,855,986)</b>	<b>54,323,567</b>
<b>Net cash (used) provided by investing activities</b>		
	<b>155,875,656</b>	<b>42,628,523</b>
<b>Net increase in cash and cash equivalents</b>		
	<b>2,273,148,543</b>	<b>2,230,520,020</b>
<b>Cash and cash equivalents - beginning of year</b>		
	<b>\$ 2,429,024,199</b>	<b>\$ 2,273,148,543</b>

**SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:**

Gifts and contributions of capital assets	\$ 3,053,381	\$ 5,446,880
Changes in unrealized appreciation on investments	10,642,965	8,658,369

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	\$ (1,517,061,906)	\$ (1,403,488,786)
<b>Adjustments to reconcile operating loss to net cash used by operating activities:</b>		
Depreciation expense	329,048,378	315,275,618
Loss on disposals of capital assets	11,577,033	2,130,030
Amortization of deferred service concession arrangement receipts	(18,356,042)	(18,356,042)
Gifts and other revenues, (expenses), gains, and (losses)	72,133,438	63,978,756
<b>Effect of changes in assets and liabilities:</b>		
Accounts receivable, net	(17,038,155)	(36,109,286)
Inventories	1,442,736	62,357
Prepaid expenses and other deferred charges	(4,403,019)	(4,128,931)
Notes receivable	7,350,560	8,489,914
Accounts payable and accrued liabilities	1,102,763	(69,808,826)
Unearned revenues	39,070,838	21,958,190
Accrued vacation	2,297,142	4,576,566
Accrued workers' compensation	(232,000)	(313,000)
Net pension liability and related deferred outflows and inflows of resources	81,766,147	14,509,922
	<b>(1,011,302,087)</b>	<b>(1,101,223,518)</b>

See accompanying notes.

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## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

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#### 1. 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 entity conducts basic and applied research, and transfers new technology to constituencies. The administrative unit includes the System Chancellor and staff who serve as support to the Board.

#### 2. 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 by the Governmental Accounting Standards Board (GASB). 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, nineteen 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 nineteen affiliated foundations meet the criteria for inclusion in the financial reporting entity, and thus 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, 2018 AND 2017

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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.
- The Maryland Center @ Bowie State University, Inc.
- University of Maryland, Baltimore County Research Park Corporation, Inc.
- Maryland Hawk Corporation
- Towson University Public Media, Inc.

During the years ended June 30, 2018 and 2017, affiliated foundations distributed approximately \$124,756,129 and \$103,695,000, respectively, to the System and its institutions for both restricted and unrestricted purposes.

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

The System has also recognized as a blended component unit a not-for-profit organization created by the University of Maryland University College. The entity, named UMUC Ventures, is organized to support UMUC and other higher education institutions through provision of support and administrative services.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017

The condensed financial statements for UMUC Ventures are as follows:

	<b>2018</b>	<b>2017</b>
<b>Condensed statements of net assets</b>		
Current assets	\$ 22,157,323	\$ 10,351,632
Capital assets	113,055	18,160
Other assets	315,914	39,859
Total assets	<u>\$ 22,586,292</u>	<u>\$ 10,409,651</u>
Current liabilities	\$ 11,621,220	\$ 1,360,133
Long term liabilities	220,224	
Total liabilities	<u>11,841,444</u>	<u>1,360,133</u>
Invested in capital assets, net of related debt	113,055	18,160
Unrestricted net assets	10,631,793	9,031,358
Total net assets	<u>10,744,848</u>	<u>9,049,518</u>
Total liabilities & net assets	<u>\$ 22,586,292</u>	<u>\$ 10,409,651</u>
<b>Condensed statements of revenues, expenses and changes in net assets</b>		
Operating revenues	\$ 5,926,203	\$ 679,669
Operating expenses:		
Depreciation	23,243	3,840
Other expenses	9,332,196	5,134,562
Total operating expenses	<u>9,355,439</u>	<u>5,138,402</u>
Operating loss	(3,429,236)	(4,458,733)
Nonoperating revenues	64,180	6,971
Capital contributions	5,060,386	5,005,976
Net income	<u>1,695,330</u>	<u>554,214</u>
Beginning net assets	9,049,518	8,495,304
Ending net assets	<u>\$ 10,744,848</u>	<u>\$ 9,049,518</u>
<b>Condensed statements of cash flows</b>		
Net cash provided (used) by:		
Operating activities	\$ 6,818,513	\$ (4,647,628)
Noncapital financing activities	5,016,196	5,000,000
Investing activities	<u>(3,880,802)</u>	<u>(10,817)</u>
Beginning cash and cash equivalents	9,160,066	8,818,511
Ending cash and cash equivalents	<u>\$ 17,113,973</u>	<u>\$ 9,160,066</u>

## **UNIVERSITY SYSTEM OF MARYLAND**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017**

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The University of Maryland, Baltimore provides services to hospital and critical care facilities under contractual arrangements. The expenditures relating to these activities are reported within the hospital functional category. The revenue derived from these activities were reported as sales and services of educational departments.

#### **Measurement Focus and Basis of Accounting**

The System is a special-purpose governmental entity 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**

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

#### **Operating and Nonoperating Revenues and Expenses**

Operating revenues and expenses are generally associated with those activities that relate directly to the core activities of instruction, research and public service that form the essence of the System's mission. Nonoperating revenues, expenses, gains and losses represent amounts that recur regularly but are not included in operating revenues and expenses. Accounting principles generally accepted in the United State of America 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.

#### **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.



## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

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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.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

#### **Reclassifications**

Certain amounts for the year ended June 30, 2017, have been reclassified to conform with the presentation for the year ended June 30, 2018.

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher's Pension System (TPS) and the Employee Retirement System (ERS) and additions to/deductions from TPS and ERS' fiduciary net position have been determined on the same basis as they are reported by TPS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **New Accounting Pronouncements**

The GASB issued the following: GASB Statement No. 80, *Blending Requirements for Certain Component Units*; GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; GASB Statement No. 82, *Pension Issues*; GASB Statement No. 83, *Certain Asset Retirement Obligations*; GASB Statement No. 84, *Fiduciary Activities*; GASB Statement No. 85, *Omnibus 2017*; GASB Statement No. 86, *Certain Debt Extinguishment Issues*; GASB Statement No. 87, *Leases*; and GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The System will be analyzing the effects of these pronouncements and intends to adopt each, as applicable, by the effective date for each new accounting pronouncement.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**3. CASH AND INVESTMENTS**

**Cash and cash equivalents**

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

	<u>2018</u>	<u>2017</u>
Cash and short-term investments on deposit with the State Treasurer	\$2,287,540,448	\$2,125,272,255
Demand and time deposits	45,598,685	47,815,685
Total	<u>\$2,333,139,133</u>	<u>\$2,173,087,940</u>

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

As of June 30, 2018 and 2017, the carrying amount of the System's demand and time deposits was \$45,598,685 and \$47,815,685, respectively, as compared to bank balances of \$46,357,797 and \$47,541,772, respectively. The difference is primarily due to items in-transit. Of the bank balances, \$14,949,446 and \$28,631,862 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 \$31,408,351 and \$18,909,910 was uninsured and uncollateralized as of June 30, 2018 and 2017, 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.

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

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

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

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

	<u>2018</u>	<u>2017</u>
Money market accounts – endowment fund uninvested cash	\$ 47,280	\$ 47,280
Money market accounts – unspent proceeds of debt	<u>95,837,786</u>	<u>100,013,323</u>
Total	<u>\$ 95,885,066</u>	<u>\$ 100,060,603</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 the proceeds of 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 USMF.

The System has entered into an agreement with the USMF to manage investment of the System's endowment 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. The per annum fee to be paid to the USMF for investment management services is 0.46% of the value of the managed funds as of December 31 of the previous fiscal year.

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 endowment funds 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.

#### 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.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**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 USMF 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 USMF.

**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.

**Endowment investments**

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

	<u>2018</u>	<u>2017</u>
Corporate debt	\$ 7,200	\$ 7,200
Corporate equities	111,054	101,809
Assets invested with USMF	<u>328,652,073</u>	<u>264,107,601</u>
Total	<u>\$328,770,327</u>	<u>\$264,216,610</u>

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

	<u>2018</u>	<u>2017</u>
Pure endowments	\$139,735,198	\$133,919,384
Funds functioning as endowments	184,593,741	126,255,779
Term endowments	<u>4,441,388</u>	<u>4,041,447</u>
Total	<u>\$328,770,327</u>	<u>\$264,216,610</u>

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

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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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 4.25% 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 \$96,855,589 and \$92,252,817 as of June 30, 2018 and 2017, respectively. Reinvestments of net appreciation are considered to be subject to donor spending restrictions if applicable, 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, 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 an 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 partnership interests are assessed on an annual basis by reference to the reported value of the University's interest.

**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. As of June 30, investment income attributed to unrestricted funds and restricted funds was:

	<u>2018</u>	<u>2017</u>
Unrestricted funds	\$ 57,583,632	\$ 51,600,985
Restricted funds	12,081,490	13,679,452
Total	<u>\$ 69,665,122</u>	<u>\$ 65,280,437</u>

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

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#### 4. FAIR VALUE MEASUREMENTS

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. The following three-level hierarchy classifies the inputs used to determine fair value:

Level 1: Pricing inputs are quoted prices (unadjusted) available in active markets for identical investments as of the reporting date. Investments generally included in this category are listed equities and listed mutual funds.

Level 2: Pricing inputs are quoted prices for similar investments in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices, and market corroborated data. Investments that are generally included in this category are fixed income securities.

Level 3: Pricing inputs are unobservable for the investment and must be developed using the best information available under the circumstances, which might include the System's own data. Investments that are generally included in this category are investments in private equity and investment funds as well as off-shore hedge funds.

System endowment investments are largely a proportionate interest in an investment portfolio managed by the USMF. As of June 30, 2018 and 2017, respectively, the System holds corporate debt investments of \$7,200 and \$7,200 that are classified as level 3 investments, and corporate equity investments of \$111,054 and \$101,809 that are classified as level 1 investments.

As of June 30, 2018 and 2017, respectively, System other investments include partnership interests of \$13,034,309 and \$11,087,345 that are classified as level 3 investments. As of June 30, 2018, other investments include mutual funds and short-term securities of \$3,778,842 that are classified as level 1 investments.

#### **Major component units**

The USMF 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 invested by the USMF.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

The following table shows the USMF's investments using the fair value hierarchy as of June 30, 2018:

<b>Investments by fair value level</b>	<b>June 30, 2018</b>	<b>Fair Value Measurements</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds and short-term investments	\$ 123,600,000	\$ 123,600,000		
Equities and mutual funds	425,228,000	393,981,000	\$ 31,247,000	
Absolute return	130,851,000			\$ 130,851,000
Long and short equity hedge funds	60,247,000			60,247,000
Private capital	422,967,000			422,967,000
<b>Total investments by fair value level</b>	<b>1,162,893,000</b>	<b>\$ 517,581,000</b>	<b>\$ 31,247,000</b>	<b>\$ 614,065,000</b>
<b>Investments measured at net asset value (NAV)</b>				
Absolute return	57,051,000			
Long and short equity hedge funds	166,986,000			
Private capital	66,654,000			
<b>Total investments measured at the NAV</b>	<b>290,691,000</b>			
<b>Total investments</b>	<b>1,453,584,000</b>			
Due to the System	(328,652,073)			
Due to other USM affiliated foundations	(702,235,000)			
<b>Total USMF investments</b>	<b>\$ 422,696,927</b>			

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017

The following table shows the USMF's investments using the fair value hierarchy as of June 30, 2017:

<b>Investments by fair value level</b>	<b>June 30, 2017</b>	<b>Fair Value Measurements</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds and short-term investments	\$ 21,389,000	\$ 21,389,000		
Corporate and municipal bonds	11,941,000		\$ 11,941,000	
Equities and mutual funds	366,411,000	356,311,000	10,100,000	
U.S. treasury notes and bonds	10,028,000		10,028,000	
U.S. agency securities	200,000		200,000	
Collateralized mortgage obligations/asset backed securities	7,000		7,000	
Absolute return	131,704,000			\$ 131,704,000
Long and short equity hedge funds	84,861,000			84,861,000
Private capital	340,722,000			340,722,000
<b>Total investments by fair value level</b>	<b>967,263,000</b>	<b>\$ 377,700,000</b>	<b>\$ 32,276,000</b>	<b>\$ 557,287,000</b>
<b>Investments measured at net asset value (NAV)</b>				
Absolute return	118,062,000			
Long and short equity hedge funds	136,673,000			
Private capital	69,099,000			
<b>Total investments measured at the NAV</b>	<b>323,834,000</b>			
<b>Total investments</b>	<b>1,291,097,000</b>			
Due to the System	(264,107,601)			
Due to other USM affiliated foundations	(637,648,000)			
<b>Total USMF investments</b>	<b>\$ 389,341,399</b>			



## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

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#### Investments measured at net asset value

Absolute return investments track the purchase and sale of shares in companies that are the subject of publicly announced transactions, including corporate combinations (for cash or exchange of shares), tender offers, restructurings, liquidations, bankruptcies, capitalizations and deals in distressed securities, which are discounted securities of a company in financial distress or bankruptcy. The fair value of these investments has been estimated either by using the net asset value (NAV) per share of the investments or the ownership percentage of the fund's net assets. Investments valued using the ownership percentage of the fund's net assets are subject to reporting within the fair value hierarchy and are classified as Level 3. The majority of these investments can be redeemed within one year. The remainder of these investments have liquidity provisions that extend past one year. The notice period for redemption of these investments ranges from one month to six months. There are no outstanding unfunded commitments to this asset category.

Long and short equity hedge funds take long and short positions in publicly traded equity securities in an effort to achieve attractive returns with moderate risk. Off-shore investment vehicles are included within this category. Early withdrawal carries a penalty. Therefore, even though some of the investments are readily saleable in the open market, a portion are classified as Level 3 since the USMF does not have the ability to liquidate the investments. The fair value of these investments has been estimated either by using the net asset value (NAV) per share of the investments or the ownership percentage of the fund's net assets. The majority of these investments can be redeemed within one year. The remainder of these investments have liquidity provisions that extend past one year. The notice period for redemption of these investments ranges from one month to six months. There are no outstanding unfunded commitments to this asset category.

Private capital consists of private equity and venture capital investments. Private equity investments represent purchases of all or a portion of the equity interest in a company and the arrangement allows the purchasing group to take control. Venture capital investments are made in non-marketable securities of new companies or companies considered to be in the early stages of growth. Investments in private capital are presented at fair value as approved by the USMF's management based, in part, on information and valuations provided by the general partner of the partnerships or investment manager. The general partner or investment manager generally values their investments at fair value. Securities with no readily available market are initially valued at cost, with subsequent adjustment to values which reflect either the basis of meaningful third party transactions in the private market or the fair value deemed appropriate by the USMF's management. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment company or fund can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Such value represents the USMF's proportionate share of the capital in the investment company or fund. Accordingly, the value of the investment is generally increased by additional contributions and the share of net earnings from the investments and decreased by distributions from the partnerships and the partner's share of net losses. A portion of these assets are classified as Level 3 based upon their lock up periods and the transparency of their assets. Redemption of these investments is left to the discretion of the general partner or manager of the funds. Distributions from each fund will be received as the underlying investments are liquidated. As of June 30, 2018 and 2017, unfunded commitments within the private capital category equaled approximately \$396 million and \$355 million, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017

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

Accounts receivable as of June 30, 2018 and 2017, were comprised of:

	<u>2018</u>	<u>2017</u>
Tuition and fees	\$ 83,391,160	\$ 77,293,060
Contracts and grants	204,883,551	199,223,274
Other	21,133,314	15,933,163
Subtotal	309,408,025	292,449,497
Less: allowance for doubtful accounts receivable	(17,096,834)	(17,176,461)
Accounts receivable, net	<u>\$292,311,191</u>	<u>\$275,273,036</u>

Notes receivable as of June 30, 2018 and 2017, were comprised of:

	<u>2018</u>	<u>2017</u>
Student loans	\$ 55,923,316	\$ 63,162,494
Business development loans	6,520,710	6,217,027
Subtotal	62,444,026	69,379,521
Less: allowance for doubtful accounts receivable	(19,235,587)	(18,820,522)
Notes receivable, net	<u>\$ 43,208,439</u>	<u>\$ 50,558,999</u>

Accounts payable and accrued liabilities as of June 30, 2018 and 2017, were comprised of:

	<u>2018</u>	<u>2017</u>
Payroll and benefits	\$ 104,879,692	\$ 94,402,878
Suppliers and contractors	112,639,689	122,912,325
Accrued interest payable	11,711,785	11,757,042
Other	39,320,346	40,072,134
Accounts payable and accrued liabilities	<u>\$268,551,512</u>	<u>\$269,144,379</u>

**Major component units**

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

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

As of June 30, 2018 and 2017, contributions receivable were due as follows:

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

<b>Due</b>	<b>Discount Rates</b>	<b>2018</b>	<b>2017</b>
Within one year	Not applicable	\$ 1,631,000	\$ 4,577,000
One to five years	6.00%	11,915,000	12,078,000
Subtotal		13,546,000	16,655,000
Less: pledge discount		(1,124,000)	(1,155,000)
Net contributions receivable		<u>\$ 12,422,000</u>	<u>\$ 15,500,000</u>

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

<b>Due</b>	<b>Discount Rates</b>	<b>2018</b>	<b>2017</b>
Within one year	3.22% - 4.09%	\$ 93,779,580	\$ 48,133,237
Two to five years	3.22% - 4.09%	101,133,878	46,694,852
More than five years	4.25% - 5.00%	9,667,711	12,352,388
Subtotal		204,581,169	107,180,477
Less: allowance for doubtful accounts		(32,966,370)	(13,520,351)
Less: pledge discount		(8,515,864)	(5,258,310)
Net contributions receivable		<u>\$163,098,935</u>	<u>\$ 88,401,816</u>

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

<b>Due</b>	<b>Discount Rates</b>	<b>2018</b>	<b>2017</b>
Within one year	1.5% - 2.76%	\$ 21,552,008	\$ 20,659,935
One to five years	1.5% - 2.76%	29,943,441	25,290,191
More than five years	1.5% - 2.76%	123,362	130,770
Subtotal		51,618,811	46,080,896
Less: allowance for doubtful accounts		(417,964)	(336,302)
Less: pledge discount		(2,728,901)	(2,754,932)
Net contributions receivable		<u>\$ 48,471,946</u>	<u>\$ 42,989,662</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the years ended June 30, 2018 and 2017:

	June 30, 2016	Additions	Decreases	June 30, 2017	Additions	Decreases	June 30, 2018
<b>Capital assets being depreciated:</b>							
Infrastructure & land improvements	\$ 407,979,982	\$ 49,876,698	\$ 133,162	\$ 457,723,518	\$ 12,423,820		\$ 470,147,338
Buildings & improvements	7,138,585,343	567,505,422	5,948,375	7,700,142,390	609,229,133	\$ 21,686,770	8,287,684,753
Contents	1,419,887,868	81,060,473	31,023,160	1,469,925,181	99,765,226	64,500,969	1,505,189,438
Buildings recorded under capital lease agreements	14,629,140			14,629,140			14,629,140
<b>Total capital assets being depreciated</b>	<b>8,981,082,333</b>	<b>698,442,593</b>	<b>37,104,697</b>	<b>9,642,420,229</b>	<b>721,418,179</b>	<b>86,187,739</b>	<b>10,277,650,669</b>
<b>Less accumulated depreciation for:</b>							
Infrastructure & land improvements	224,092,841	19,056,222	143,938	243,005,125	18,511,341		261,516,466
Buildings & improvements	2,689,335,908	209,352,796	5,809,064	2,892,879,640	220,370,944	12,449,929	3,100,800,655
Contents	1,049,725,633	85,679,421	27,623,391	1,107,781,663	88,978,914	59,904,663	1,136,855,914
Buildings recorded under capital lease agreements	7,781,966	1,187,179		8,969,145	1,187,179		10,156,324
<b>Total accumulated depreciation</b>	<b>3,970,936,348</b>	<b>315,275,618</b>	<b>33,576,393</b>	<b>4,252,635,573</b>	<b>329,048,378</b>	<b>72,354,592</b>	<b>4,509,329,359</b>
<b>Total capital assets being depreciated, net</b>	<b>5,010,145,985</b>	<b>383,166,975</b>	<b>3,528,304</b>	<b>5,389,784,656</b>	<b>392,369,801</b>	<b>13,833,147</b>	<b>5,768,321,310</b>
<b>Capital assets not being depreciated:</b>							
Land	157,689,954	9,823,066		167,513,020	1,515,758		169,028,778
Contents	30,085,902	1,553,215		31,639,117	439,625		32,078,742
Construction in progress	816,668,218	294,517,628	429,653,581	681,532,265	357,434,544	543,131,772	495,835,037
<b>Total capital assets not being depreciated</b>	<b>1,004,444,074</b>	<b>305,893,909</b>	<b>429,653,581</b>	<b>880,684,402</b>	<b>359,389,927</b>	<b>543,131,772</b>	<b>696,942,557</b>
<b>Capital assets, net</b>	<b>\$ 6,014,590,059</b>	<b>\$ 689,060,884</b>	<b>\$ 433,181,885</b>	<b>\$ 6,270,469,058</b>	<b>\$ 751,759,728</b>	<b>\$ 556,964,919</b>	<b>\$ 6,465,263,867</b>

Interest expense of \$2,470,311 and \$368,417 associated with projects not yet completed was capitalized and recorded as construction in progress during the years ended June 30, 2018 and 2017, respectively.

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**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The composition of deferred outflows of resources as of June 30, 2018 and 2017, was summarized as follows:

	<u>2018</u>	<u>2017</u>
Unamortized loss on refundings of debt	\$ 16,987,930	\$ 19,798,069
Deferred outflows related to the pension liability	469,773,028	583,358,819
Total deferred outflows of resources	<u>\$486,760,958</u>	<u>\$603,156,888</u>

The composition of deferred inflows of resources as of June 30, 2018 and 2017, was summarized as follows:

	<u>2018</u>	<u>2017</u>
Deferred service concession arrangement receipts	\$288,931,472	\$307,287,513
Deferred inflows related to the pension liability	123,312,342	68,382,401
Total deferred inflows of resources	<u>\$412,243,814</u>	<u>\$375,669,914</u>

**8. SERVICE CONCESSION ARRANGEMENTS FOR STUDENT HOUSING**

The University System of Maryland has entered into long-term leases of university-owned land, and other agreements with a quasi-governmental entity to finance, construct, and manage, student housing projects at seven of the System's institutions. These agreements satisfy the accounting criteria established to be considered service concession arrangements.

Under the terms of the ground leases, the System transfers rights to university-owned property for a term of 40 years to the quasi-governmental issuer of debt (the 'project owner'). The project owner contracts with a developer to build student housing on the property. The project owner also contracts with an operator that manages the facility on behalf of the project owner. Each student housing project is financed using tax-exempt debt that limits the use of the project to activities that support the institution. The operator charges and collects rent from the students, and pays the operating costs and debt service associated with the project. The residual cash flow from the project, after paying all operating costs and management fees, is paid to the university as the annual ground lease payment. The institution has the ability to approve what services the operator is required to provide and the rates that can be charged.

Upon final payment of the outstanding debt associated with the project, or upon termination of the ground lease, whichever is sooner, the project owner's rights to use the land and ownership of the project transfers to the university.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

As of June 30, 2018 and 2017, the following amounts associated with service concession arrangements were reflected on the Balance Sheet:

	<u>2018</u>	<u>2017</u>
Capital assets, net – Buildings & improvements	\$320,187,026	\$334,077,988
Deferred service concession arrangement receipts	288,931,472	307,287,513

**9. RESTRICTED NET POSITION**

Restricted net position as of June 30, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Nonexpendable		
Scholarships and fellowships	\$ 16,541,068	\$ 16,488,037
Research	5,024,979	4,266,455
Other	16,872,175	16,870,629
Total restricted nonexpendable net position	<u>\$ 38,438,222</u>	<u>\$ 37,625,121</u>
Expendable		
Scholarships and fellowships	\$ 36,949,109	\$ 35,299,757
Research	76,936,727	75,456,300
Loans	50,552,708	59,618,603
Capital projects	2,284,150	6,351,336
Other	27,018,513	26,238,652
Total restricted expendable net position	<u>\$193,741,207</u>	<u>\$202,964,648</u>

**10. 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.

As of June 30, 2018 and 2017, revenue bonds and notes payable consisted of the following:

	<u>2018</u>	<u>2017</u>
Revenue Bonds, net	\$1,256,571,784	\$1,231,321,136
Revolving Loan Program Bonds		35,000,000
Other	23,639,310	24,003,259
Revenue bonds and notes payable, net	<u>\$1,280,211,094</u>	<u>\$1,290,324,395</u>



**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

**Auxiliary Facility and Tuition Revenue Bonds**

As of June 30, 2018, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Principal Outstanding</b>
2008 Series A	5.00%	2019	\$ 4,495,000
2009 Series A & B	4.00% - 6.00%	2019-2029	54,100,000
2009 Refunding Series C	4.00%	2019	12,470,000
2009 Refunding Series D	3.00% - 4.00%	2019-2022	20,025,000
2010 Series A & B	4.35% - 5.40%	2019-2030	81,345,000
2010 Series C	2.50% - 4.00%	2019-2023	29,955,000
2010 Series D & E	3.75% - 5.85%	2019-2030	80,830,000
2011 Series A	3.00% - 5.00%	2019-2031	38,120,000
2011 Refunding Series B	3.00% - 5.00%	2019-2024	22,460,000
2012 Refunding Series A & B	2.00% - 4.00%	2019-2024	28,425,000
2012 Series C & D	2.00% - 5.00%	2019-2032	142,385,000
2014 Series A & B	3.00% - 5.00%	2019-2034	121,150,000
2015 Series A	3.00% - 5.00%	2019-2028	60,530,000
2016 Series A	3.00% - 5.00%	2019-2036	131,760,000
2016 Refunding Series B	2.00% - 5.00%	2019-2030	61,720,000
2017 Series A	4.00% - 5.00%	2019-2037	112,060,000
2017 Refunding Series B	5.00%	2019-2023	40,270,000
2018 Series A	3.00% - 5.00%	2019-2038	115,000,000
Subtotal			1,157,100,000
Unamortized discounts and premiums			99,471,784
Revenue Bonds, net			<u>\$1,256,571,784</u>

Revenue Bonds have been issued pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Revenue Bonds. Pursuant to the Indenture of Trust, the System has agreed to charge and collect tuition revenues and net auxiliary facility fees in an amount that is not less than 200% of the maximum annual debt service on Revenue Bonds.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

Revenue Bonds issued during the years ended June 30, 2018 and 2017, including the results of any advance refunding of previously-issued debt, were 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</b>
2017 Series A	2/15/2017	\$ 115,000,000	\$ 13,756,261				
2017 Refunding Series B	2/15/2017	50,075,000	5,730,041	\$ 54,455,000	\$ 4,873,036	\$ 752,661	\$ 4,540,054
2018 Series A	2/21/2018	115,000,000	8,807,262				

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. On March 1, 2013, the Budget Control Act of 2011 went into effect. The Federal government has reduced the amount of interest reimbursement by 6.6% and 6.9% in Federal fiscal year 2018 and 2017, respectively. 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, 2018, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$58,170,000.

As of June 30, 2018 and 2017, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$95,709,137 and \$80,404,575, respectively.

**Revolving Loan Program Bonds**

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

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The 2003 Series A Bonds were initially issued as auction rate reset securities, meaning interest is calculated on outstanding Revolving Loan Program Bonds using 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 Multi-annual Rate. On June 1, 2013, the System redeemed \$15,000,000 of the 2003 Series A Bonds. The remaining principal balance of \$35,000,000 of the 2003 Series A Bonds was remarketed for five years at a multi-annual interest rate of 1.25%. On June 1, 2018, the System redeemed the outstanding principal balance of \$35,000,000 of the 2003 Series A Bonds.

As of June 30, 2017, cash and cash equivalents in the amount of \$19,608,821, was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

**Other**

Other debt and notes payable includes amounts borrowed to finance facilities, equipment acquisitions, a marine research vessel and other improvements designed to enhance energy efficiency savings.

The System is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt.

Future principal and interest payments as of June 30, 2018, are as follows:

Year ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2019	\$ 92,890,000	\$ 50,353,384	\$ 5,023,227	\$ 321,174	\$ 148,587,785
2020	92,445,000	45,745,096	4,226,922	268,288	142,685,306
2021	90,175,000	41,753,141	4,134,865	214,186	136,277,192
2022	81,520,000	37,605,987	4,044,060	158,835	123,328,882
2023	83,290,000	33,780,409	2,904,969	102,211	120,077,589
2024 - 2028	362,565,000	116,778,935	3,305,267	44,278	482,693,480
2029 - 2033	245,150,000	44,756,196			289,906,196
2034 - 2038	109,065,000	9,310,688			118,375,688
Total	<u>\$1,157,100,000</u>	<u>\$ 380,083,836</u>	<u>\$ 23,639,310</u>	<u>\$ 1,108,972</u>	<u>\$1,561,932,118</u>

**11. LEASES**

**Obligations under capital lease agreements**

The System leases two facilities, one for the use of the University of Maryland College Park and another at 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, 2018, are as follows:

Years ending June 30,	Total
2019	\$ 1,776,698
2020	1,814,640
2021	1,597,726
2022	1,381,986
Total future lease payments	6,571,050
Less: Interest component	(524,923)
Obligations under capital lease agreements	<u>\$ 6,046,127</u>

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**Operating leases**

The System and its institutions lease facilities and equipment under agreements accounted for 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, 2018, are as follows:

<b>Years ending June 30,</b>	<b>Minimum Annual Lease Payments</b>
2019	\$ 15,989,042
2020	13,141,452
2021	9,586,131
2022	6,829,686
2023	5,200,934
2024 - 2028	<u>10,302,676</u>
Total	<u>\$ 61,049,921</u>

Operating lease expenditures for the years ended June 30, 2018 and 2017, were \$18,002,285 and \$19,413,735, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017

12. AUXILIARY ENTERPRISES

Auxiliary enterprises revenues for the years ended June 30, 2018 and 2017, were as follows:

	<u>2018</u>		<u>2017</u>	
Residential facilities	\$ 197,159,431		\$ 195,806,549	
Less: scholarship allowance	<u>(11,583,970)</u>	\$ 185,575,461	<u>(11,150,722)</u>	\$ 184,655,827
Dining facilities	131,941,768		130,336,470	
Less: scholarship allowance	<u>(6,830,948)</u>	126,110,820	<u>(6,381,458)</u>	123,955,012
Intercollegiate athletics	137,466,663		131,608,613	
Less: scholarship allowance	<u>(6,237,079)</u>	131,229,584	<u>(5,662,790)</u>	125,945,823
Bookstore	16,695,599		18,113,990	
Less: scholarship allowance	<u>(1,587,569)</u>	15,108,030	<u>(1,421,595)</u>	16,692,395
Parking facilities	43,666,133		44,068,363	
Less: scholarship allowance	<u>(139,226)</u>	43,526,907	<u>(207,745)</u>	43,860,618
Other	150,706,520		149,037,183	
Less: scholarship allowance	<u>(29,142)</u>	150,677,378	<u>(29,633)</u>	149,007,550
Total auxiliary enterprises revenues		<u>\$652,228,180</u>		<u>\$644,117,225</u>

Auxiliary enterprises expenses for the years ended June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Residential facilities	\$ 170,631,162	\$ 164,714,199
Dining facilities	119,195,039	116,287,542
Intercollegiate athletics	125,176,052	121,791,690
Bookstore	17,948,666	18,098,762
Parking facilities	32,884,807	31,198,308
Other	<u>127,136,782</u>	<u>122,364,240</u>
Total auxiliary enterprises expenses	<u>\$592,972,508</u>	<u>\$574,454,741</u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017

13. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended June 30, 2018 and 2017, were as follows:

	June 30, 2016	Additions	Decreases	June 30, 2017	Additions	Decreases	June 30, 2018	Due Within One Year
Accrued vacation costs	\$ 208,666,651	\$ 105,886,047	\$ 101,309,481	\$ 213,243,217	\$ 112,062,666	\$ 109,765,524	\$ 215,540,359	\$ 105,995,954
Accrued workers' compensation	29,917,000	4,705,262	5,018,262	29,604,000	4,437,679	4,669,679	29,372,000	4,405,800
Revenue bonds and notes payable, net	1,261,528,922	185,096,688	156,301,215	1,290,324,395	129,433,987	139,547,288	1,280,211,094	97,913,227
Obligations under capital lease agreements	8,853,286		1,356,864	7,496,422		1,450,295	6,046,127	1,548,767
Net pension liability	966,400,173	250,408,369		1,216,808,542		86,749,585	1,130,058,957	
Total long-term liabilities	\$2,475,366,032	\$ 546,096,366	\$ 263,985,822	\$2,757,476,576	\$ 245,934,332	\$ 342,182,371	\$2,661,228,537	\$ 209,863,748

14. 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, grouped by object classification for the years ended June 30, 2018 and 2017, were as follows:

	2018				2017			
	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total	Employee	Payments to Suppliers, Contractors and Others	Depreciation	Total
Instruction	\$1,141,239,383	\$ 138,225,499	\$ 62,524,590	\$1,341,989,472	\$1,122,238,287	\$ 125,939,633	\$ 56,162,079	\$1,304,339,999
Research	629,097,578	389,682,972	29,548,389	1,048,328,939	625,959,843	352,405,691	28,386,031	1,006,751,565
Public service	99,520,647	57,936,501	5,017,718	162,474,866	97,703,623	58,203,744	3,907,659	159,815,026
Academic support	333,627,443	101,237,275	32,729,840	467,594,558	323,947,651	93,097,020	34,753,281	451,797,952
Student services	159,085,493	102,284,950	7,310,046	268,680,489	151,510,416	83,270,484	7,879,846	242,660,746
Institutional support	407,174,548	104,663,796	19,468,450	531,306,794	391,438,212	99,750,594	16,485,095	507,673,901
Operation and maintenance of plant	152,398,604	155,974,012	65,342,130	373,714,746	149,094,370	142,161,608	62,661,544	353,917,522
Scholarships and fellowships	7,816,636	112,851,568		120,668,204	6,926,193	103,261,587		110,187,780
Auxiliary enterprises:								
Residential facilities	51,825,214	62,601,217	56,204,731	170,631,162	51,395,148	59,934,366	53,384,685	164,714,199
Dining facilities	39,792,646	72,508,464	6,893,929	119,195,039	39,220,604	70,591,337	6,475,601	116,287,542
Intercollegiate athletics	63,288,466	52,443,811	9,443,775	125,176,052	62,405,439	50,421,853	8,964,398	121,791,690
Bookstore	4,250,230	13,650,897	47,539	17,948,666	4,284,327	13,729,478	84,957	18,098,762
Parking facilities	17,121,654	9,667,431	6,095,722	32,884,807	16,343,544	8,999,860	5,854,904	31,198,308
Other auxiliary enterprises	56,985,916	41,735,851	28,415,015	127,136,782	54,181,497	37,913,497	30,269,246	122,364,240
Hospital	211,208,654		6,504	211,215,158	207,603,476		6,292	207,609,768
Total	\$3,374,433,112	\$1,415,464,244	\$ 329,048,378	\$5,118,945,734	\$3,304,252,630	\$1,299,680,752	\$ 315,275,618	\$4,919,209,000

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## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

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#### 15. RETIREMENT AND PENSION PLANS

##### General Information about the Pension Plan

###### Plan description

Some employees of the System are members of the Maryland State Retirement and Pension System (MSRPS). These employees are members of either the Teachers Pension System (TPS) or the Employees Retirement System of the State of Maryland (ERS). The TPS and ERS are part of the MSRPS which is considered a multiple employer cost-sharing plan. Some employees of the System may choose as an alternative to participate in the Optional Retirement Program (ORP), which is a defined contribution plan. The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at:

[www.sra.state.md.us/agency/downloads/cafr/](http://www.sra.state.md.us/agency/downloads/cafr/)

###### Benefits provided

An individual who is a member of either the TPS or ERS on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the TPS or ERS on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service. For most individuals who retired from either the TPS or ERS on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the TPS or ERS on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the TPS or ERS shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the TPS or ERS.

###### Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

###### Contributions

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Members of the ERS are required to

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

contribute 6% of their annual pay. Members of the TPS are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The System's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation.

The System's contractually required contribution for the years ended June 30, 2018 and 2017, was \$124,482,282 and \$127,341,536, respectively, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only).

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2018 and 2017, the System reported a liability of \$1,130,058,957 and \$1,216,808,542, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was a ratio of the System's long-term share of contributions to the pension plan relative to the contributions of all participating government units, actuarially determined. As of June 30, 2018 and 2017, the System's proportion for the net pension liability was 5.54% and 5.58%, respectively.

For the years ended June 30, 2018 and 2017, the System recognized pension expense of \$206,248,434 and \$141,851,447, respectively. As of June 30, 2018 and 2017, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 35,759,781		\$ 43,639,461	
Net difference between projected and actual earnings on pension plan investments	133,083,970	\$ 55,780,481	184,538,605	\$ 39,323,157
Contributions made subsequent to the measurement date	124,482,282		127,341,536	
Change in proportionate share	176,446,995		227,839,217	
Net difference between actual and expected experience		67,531,861		29,059,244
Total	\$469,773,028	\$123,312,342	\$583,358,819	\$ 68,382,401

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

The System reported \$124,482,282 as deferred outflows of resources related to the pension resulting from the System's contributions subsequent to the measurement date that will be recognized as a reduction of the pension liability in the year ended June 30, 2019.

Amounts other than contributions made subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

<u>Years ending June 30,</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>
2019	\$ 116,352,300	\$ 44,973,320
2020	113,753,824	25,311,742
2021	88,303,246	24,783,443
2022	26,123,118	20,863,821
2023	758,258	7,380,016
Total	<u>\$345,290,746</u>	<u>\$123,312,342</u>

#### *Information included in the MSRPS financial statements*

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at:

[www.sra.state.md.us/agency/downloads/cafr/](http://www.sra.state.md.us/agency/downloads/cafr/)

#### *Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate.*

The System's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent is \$1,130,058,957. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) is \$1,697,736,712, or 1-percentage-point higher (8.5 percent) is \$783,273,953.

#### **Optional Retirement Program**

Another option for employees if they choose not to participate in the MSRPS is the optional retirement programs (ORP), which are defined contribution money purchase plans funded currently each year and invested in specific funds offered by one of two 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. Employees in both the ORP and the State System can also participate in supplemental retirement plans.

State legislation provides that the System contribute 7.25% of covered employees' annual salaries each month. The employee does not have to contribute to the plan in order to receive the System's contribution. The System's contribution along with that of the employee is immediately and fully vested.

## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2018 AND 2017

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Payroll for employees covered in the ORP for the years ended June 30, 2018 and 2017, was \$1,272,943,603 and \$1,243,784,835, respectively.

The amount contributed by the System for employees participating in the ORP for the years ended June 30, 2018 and 2017 was \$92,288,411 and \$90,174,401, respectively.

#### Major Component Units

The USMF maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The USMF contributes 7.25% of the employees' 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, 2018 and 2017, was approximately \$193,000 and \$171,000, respectively.

#### 16. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension System of Maryland 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.

#### State Employee and Retiree Health and Welfare Benefits Program of Maryland

##### Plan Description

Effective July 1, 2004, the State established the Postretirement Health Benefits Trust Fund (OPEB Trust) to receive appropriated funds and contributions to assist the Plan in financing the State's postretirement health insurance subsidy. The OPEB Trust is established in accordance with Section 34-101 of the State Personnel and Pensions Article of the Annotated Code of Maryland and is administered by the Board of Trustees for the Maryland State Retirement and Pension System. The Plan is included in the State's CAFR, which can be obtained from the Comptroller of Maryland's website at:

[www.marylandtaxes.com](http://www.marylandtaxes.com)

System employees are members of the Plan. Eligibility for the Plan is determined by various factors, including date of hire. Generally, employees hired before July 1, 2011 may enroll and participate in the Plan if the employee left State service with at least 16 years of creditable service, retired directly from State service with at least 5 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement. Employees hired on or after July 1, 2011, may enroll and participate in the Plan if the employee left State service with at least 25 years of creditable service, retired directly from State service with at least 10 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**Funding Policy**

Funds deposited into the OPEB Trust may consist of any funds appropriated to the OPEB Trust, whether directly or through the budgets of any State agency. The State is required by law to include money in the State budget to pay the State's share of the costs of the Plan.

The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. Costs for postretirement benefits for State retirees are primarily funded by the State. The State does not distinguish employees by employer/State agency. The State has elected to maintain the entire net OPEB liability as a liability of the general fund of the State and has not allocated any balances to State entities including the System.

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, 2018, 2017, and 2016. The amount contributed for the years ended June 30, 2018, 2017, and 2016 was \$74,945,815, \$96,216,009, \$87,381,590 and respectively.

**17. CONSTRUCTION COMMITMENTS**

The estimated costs to complete construction in progress as of June 30, 2018 is \$558,839,000 of which \$64,755,000 is to be funded from Revenue Bond proceeds, \$442,359,000 is to be derived from State capital appropriations and grants, and \$51,725,000 to be provided from System funds.

**18. 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, 2018, the System had entered into open contracts for the purchase of \$4,003,259 of natural gas to be delivered through June 2019. Future purchase commitments for electricity to be supplied through June 2019 totaled \$14,642,840 as of June 30, 2018. 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.

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**19. 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, 2018 and 2017. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2018 and 2017. As of June 30, 2018 and 2017, the System has recorded \$29,372,000 and \$29,604,000, in liabilities associated with workers' compensation, respectively.

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**REQUIRED SUPPLEMENTARY INFORMATION**



UNIVERSITY SYSTEM OF MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2018 AND 2017

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The System's proportion of the net pension liability	5.540%	5.580%	5.120%	4.049%
The System's proportionate share of the net pension liability	\$1,130,058,957	\$1,216,808,542	\$ 966,400,173	\$ 718,516,394
The System's covered-employee payroll	643,954,572	640,734,064	602,991,802	625,011,000
The System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	175%	190%	160%	115%
Plan fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

SCHEDULE OF CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 124,482,282	\$ 127,341,536	\$ 108,699,493	\$ 107,709,938
Contributions in relation to the contractually required contribution	<u>(124,482,282)</u>	<u>(127,341,536)</u>	<u>(108,699,493)</u>	<u>(107,709,938)</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
System's covered-employee payroll	\$ 643,954,572	\$ 640,734,064	\$ 602,991,802	\$ 625,011,000
Contributions as a percentage of covered-employee payroll	19.33%	19.87%	18.03%	17.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

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## **SUPPLEMENTARY DATA**

**UNIVERSITY OF MARYLAND, BALTIMORE**  
**BALANCE SHEETS**  
**JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 358,299,641	\$ 4,825,633	\$ 343,503,853	\$ 4,442,116
Accounts receivable, net	98,749,648	21,027,895	84,316,242	20,198,117
Notes receivable, current portion, net	1,584,754		1,782,329	
Inventories	226,169		232,415	
Prepaid expenses and other	307,799	213,235	569,054	172,454
Inter-institutional balances	(7,836,025)		490,904	
<b>Total current assets</b>	<u>451,331,986</u>	<u>26,066,763</u>	<u>430,894,797</u>	<u>24,812,687</u>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents			508,227	
Accounts receivable, net		27,852,827		23,181,305
Endowment investments	112,427,193	222,025,753	93,730,936	203,316,476
Other investments	769,351	183,996,825	350,000	159,180,632
Notes receivable, net	14,332,681		16,776,232	
Other assets		4,479,899		4,120,505
Capital assets, net	878,320,095		849,050,307	
<b>Total noncurrent assets</b>	<u>1,005,849,320</u>	<u>438,355,304</u>	<u>960,415,702</u>	<u>389,798,918</u>
<b>Total assets</b>	<u>1,457,181,306</u>	<u>464,422,067</u>	<u>1,391,310,499</u>	<u>414,611,605</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>102,386,353</u>		<u>126,070,287</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$1,559,567,659</u>	<u>\$ 464,422,067</u>	<u>\$1,517,380,786</u>	<u>\$ 414,611,605</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 55,689,233	\$ 1,251,660	\$ 62,962,844	\$ 1,738,253
Accrued workers' compensation, current portion	1,140,750		1,140,450	
Accrued vacation costs, current portion	42,412,589		41,449,471	
Revenue bonds and notes payable, current portion	10,514,237		11,226,940	
Unearned revenues	60,970,761		57,923,476	
<b>Total current liabilities</b>	<u>170,727,570</u>	<u>1,251,660</u>	<u>174,703,181</u>	<u>1,738,253</u>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	6,464,250		6,462,550	
Accrued vacation costs	44,266,130		41,533,160	
Endowments invested on behalf of primary government		112,427,193		93,730,936
Other payables		1,791,227		1,719,965
Revenue bonds and notes payable	82,236,508		97,079,719	
Net pension liability	243,159,150		261,393,336	
<b>Total noncurrent liabilities</b>	<u>376,126,038</u>	<u>114,218,420</u>	<u>406,468,765</u>	<u>95,450,901</u>
<b>Total liabilities</b>	<u>546,853,608</u>	<u>115,470,080</u>	<u>581,171,946</u>	<u>97,189,154</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>53,265,502</u>		<u>43,471,559</u>	
<b>NET POSITION</b>				
Unrestricted	110,303,047	40,557,503	87,093,138	36,979,450
Net investment in capital assets	761,834,755		715,729,687	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	9,363,061	49,534,760	9,350,631	46,614,542
Research	1,456,391	3,496,243	706,391	3,518,799
Other	10,297,051	151,606,298	10,295,992	140,642,868
Expendable:				
Scholarships and fellowships	24,431,166	25,068,860	23,420,211	16,225,308
Research	7,256,668	9,268,297	6,903,542	9,065,614
Loans	19,142,028		23,519,996	
Capital projects			508,227	
Other	15,364,382	69,420,026	15,209,466	64,375,870
<b>Total net position</b>	<u>959,448,549</u>	<u>348,951,987</u>	<u>892,737,281</u>	<u>317,422,451</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$1,559,567,659</u>	<u>\$ 464,422,067</u>	<u>\$1,517,380,786</u>	<u>\$ 414,611,605</u>

**UNIVERSITY OF MARYLAND, BALTIMORE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 145,995,747		\$ 135,909,966	
Less: scholarship allowances	<u>(27,675,652)</u>	\$ 118,320,095	<u>(22,875,765)</u>	\$ 113,034,201
Federal grants and contracts		284,280,740		228,388,561
State and local grants and contracts		83,056,290		81,491,063
Nongovernmental grants and contracts		99,488,559		106,531,108
Sales and services of educational departments		279,066,777		293,184,817
Auxiliary enterprises:				
Residential facilities		2,463,085		2,478,018
Parking facilities		14,135,044		13,790,034
Other auxiliary enterprises revenues		<u>14,784,044</u>		<u>14,744,930</u>
<b>Total operating revenues</b>		<u>895,594,634</u>		<u>853,642,732</u>
<b>OPERATING EXPENSES:</b>				
Instruction		201,659,891		196,828,957
Research		446,436,167		407,417,685
Public service		5,787,757		4,794,836
Academic support		66,273,661		64,704,802
Student services		7,300,581		9,247,446
Institutional support		83,557,779		81,038,655
Operation and maintenance of plant		95,506,373		86,322,883
Scholarships and fellowships		1,521,238		4,376,047
Auxiliary enterprises:				
Residential facilities		1,906,668		1,955,316
Parking facilities		9,557,514		9,671,133
Other auxiliary enterprises expenses		13,095,216		13,846,304
Hospital		<u>211,215,158</u>		<u>207,609,768</u>
<b>Total operating expenses</b>		<u>1,143,818,003</u>		<u>1,087,813,832</u>
<b>Operating loss</b>		<u>(248,223,369)</u>		<u>(234,171,100)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		230,213,735		219,951,944
Pell grants		1,121,037		974,364
Gifts		33,741,020	\$ 38,073,419	19,999,760
Investment income	18,908,137		20,851,988	\$ 33,432,747
Less: investment expense	<u>(400,984)</u>	18,507,153	<u>(283,958)</u>	25,942,119
Interest on indebtedness		(2,978,289)		(3,167,355)
Other revenues, (expenses), gains and (losses)		2,691,203		4,264,988
Other affiliated foundation revenues		1,404,447		761,757
Other affiliated foundation expenses		(28,800,318)		(27,886,895)
Transfers (to) other University System of Maryland institutions		<u>(3,446,930)</u>		<u>(451,730)</u>
<b>Total nonoperating revenues</b>		<u>279,848,929</u>	<u>31,529,536</u>	<u>258,229,363</u>
<b>Income before other revenues</b>		<u>31,625,560</u>	<u>31,529,536</u>	<u>24,058,263</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		34,322,220		40,974,790
Additions to permanent endowments		<u>763,488</u>		<u>205,999</u>
<b>Total other revenues</b>		<u>35,085,708</u>		<u>41,180,789</u>
<b>Increase in net position</b>		66,711,268	31,529,536	65,239,052
<b>Net position - beginning of year</b>		<u>892,737,281</u>	<u>317,422,451</u>	<u>827,498,229</u>
<b>Net position - end of year</b>		<u>\$ 959,448,549</u>	<u>\$ 348,951,987</u>	<u>\$ 892,737,281</u>

**UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 118,858,851	\$ 111,843,607
Research contracts and grants	459,599,122	401,187,189
Payments to employees	(778,307,238)	(795,515,758)
Payments to suppliers and contractors	(295,241,732)	(250,336,593)
Loans issued to students	(1,351,665)	(876,130)
Collection of loans to students	3,505,089	4,055,858
Auxiliary enterprises:		
Residential facilities	711,119	726,052
Parking facilities	14,135,044	13,790,034
Other	14,835,962	14,737,027
Other receipts	<u>312,355,582</u>	<u>321,996,322</u>
<b>Net cash provided (used) by operating activities</b>	<u>(150,899,866)</u>	<u>(178,392,392)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	230,213,735	219,951,944
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	763,488	205,999
Pell grants	<u>1,121,037</u>	<u>974,364</u>
<b>Net cash provided by noncapital financing activities</b>	<u>232,098,260</u>	<u>221,132,307</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	961,433	8,850,629
Capital appropriations	34,322,220	40,974,790
Proceeds from sales of capital assets	81,732	23,443
Purchases of capital assets	(87,639,288)	(95,740,397)
Principal paid on debt and capital leases	(17,050,375)	(17,267,265)
Interest paid on debt and capital leases	(3,741,272)	(3,872,447)
Transfers from other University System of Maryland institutions	<u>6,568,821</u>	<u>6,954,591</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(66,496,729)</u>	<u>(60,076,656)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	4,714,663	4,067,975
Interest on investments	10,370,245	6,514,655
Investment expense	(400,984)	(283,958)
Purchases of investments	<u>(15,098,028)</u>	<u>(1,730,615)</u>
<b>Net cash provided (used) by investing activities</b>	<u>(414,104)</u>	<u>8,568,057</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	14,287,561	(8,768,684)
<b>Cash and cash equivalents - beginning of year</b>	<u>344,012,080</u>	<u>352,780,764</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 358,299,641</u>	<u>\$ 344,012,080</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 663,340,234	\$ 40,418,456	\$ 608,168,154	\$ 46,414,772
Accounts receivable, net	105,290,278	79,355,478	102,207,923	43,468,685
Notes receivable, current portion, net	1,638,616		2,021,190	
Inventories	2,851,817		3,104,341	
Prepaid expenses and other	2,396,105	104,157	2,490,589	1,093,597
Inter-institutional balances	(8,030,505)		(2,178,776)	
<b>Total current assets</b>	<b>767,486,545</b>	<b>119,878,091</b>	<b>715,813,421</b>	<b>90,977,054</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	2,475,877		870,857	
Accounts receivable, net		85,160,401		46,864,421
Endowment investments	144,464,781	475,524,742	118,210,636	430,538,934
Other investments	11,868,708	239,850,305	10,737,345	214,368,150
Notes receivable, net	6,847,415		7,221,701	
Other assets		564,154		580,367
Capital assets, net	2,062,663,556	33,976,666	2,004,096,078	22,463,578
<b>Total noncurrent assets</b>	<b>2,228,320,337</b>	<b>835,076,268</b>	<b>2,141,136,617</b>	<b>714,815,450</b>
<b>Total assets</b>	<b>2,995,806,882</b>	<b>954,954,359</b>	<b>2,856,950,038</b>	<b>805,792,504</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>162,338,343</b>		<b>201,606,010</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,158,145,225</b>	<b>\$ 954,954,359</b>	<b>\$ 3,058,556,048</b>	<b>\$ 805,792,504</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 85,229,431	\$ 2,276,353	\$ 85,419,727	\$ 11,918,250
Accrued workers' compensation, current portion	1,778,400		1,811,400	
Accrued vacation costs, current portion	23,361,435		23,925,806	
Revenue bonds and notes payable, current portion	31,192,924		28,950,877	
Obligations under capital lease agreements, current portion	441,139		412,858	
Unearned revenues	126,510,313	2,188,673	96,172,603	2,291,728
<b>Total current liabilities</b>	<b>268,513,642</b>	<b>4,465,026</b>	<b>236,693,271</b>	<b>14,209,978</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	10,077,600		10,264,600	
Accrued vacation costs	39,698,944		39,682,655	
Endowments invested on behalf of primary government		144,457,581		118,203,436
Other payables		14,928,297		15,379,155
Revenue bonds and notes payable	284,973,795		298,237,135	
Obligations under capital lease agreements	719,006		1,160,144	
Net pension liability	375,883,715		405,248,167	
<b>Total noncurrent liabilities</b>	<b>711,353,060</b>	<b>159,385,878</b>	<b>754,592,701</b>	<b>133,582,591</b>
<b>Total liabilities</b>	<b>979,866,702</b>	<b>163,850,904</b>	<b>991,285,972</b>	<b>147,792,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>170,919,658</b>		<b>160,036,167</b>	
<b>NET POSITION</b>				
Unrestricted	281,083,904	43,296,844	258,305,703	46,852,667
Net investment in capital assets	1,620,384,438		1,543,610,522	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	5,944,093	144,478,545	5,903,492	133,631,645
Research	3,568,588	4,138,988	3,560,064	4,041,673
Other	5,113,669	303,045,047	5,113,182	208,604,000
Expendable:				
Scholarships and fellowships	9,549,419	62,862,052	9,134,280	51,478,320
Research	65,432,498	21,158,608	65,229,622	20,872,140
Loans	9,021,913		8,829,752	
Capital projects	100,028		791,438	
Other	7,160,315	212,123,371	6,755,854	192,519,490
<b>Total net position</b>	<b>2,007,358,865</b>	<b>791,103,455</b>	<b>1,907,233,909</b>	<b>657,999,935</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,158,145,225</b>	<b>\$ 954,954,359</b>	<b>\$ 3,058,556,048</b>	<b>\$ 805,792,504</b>

**UNIVERSITY OF MARYLAND, COLLEGE PARK**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 629,753,622		\$ 595,707,636	
Less: scholarship allowances	(104,156,795)		(97,526,186)	
Federal grants and contracts	525,596,827		498,181,450	
State and local grants and contracts	342,337,264		358,927,492	
Nongovernmental grants and contracts	56,875,863		59,127,537	
Sales and services of educational departments	102,662,506		96,234,730	
Auxiliary enterprises:				
Residential facilities	76,441,038		75,156,734	
Less: scholarship allowances	(3,256,210)	73,184,828	(2,995,212)	72,161,522
Dining facilities	57,930,408		57,008,108	
Less: scholarship allowances	(1,579,507)	56,350,901	(1,423,571)	55,584,537
Intercollegiate athletics	82,858,834		78,254,614	
Parking facilities	15,319,183		15,785,448	
Other auxiliary enterprises revenues	43,543,801		47,349,332	
Other operating revenues	37,276,194		39,009,392	
<b>Total operating revenues</b>	<b>1,369,596,957</b>		<b>1,354,891,434</b>	
<b>OPERATING EXPENSES:</b>				
Instruction	534,832,751		521,845,823	
Research	458,269,306		461,242,784	
Public service	93,453,374		93,934,005	
Academic support	200,963,725		198,027,717	
Student services	62,659,484		59,294,914	
Institutional support	141,698,550		128,186,978	
Operation and maintenance of plant	117,917,566		110,998,628	
Scholarships and fellowships	34,452,216		32,027,981	
Auxiliary enterprises:				
Residential facilities	88,272,763		83,377,372	
Dining facilities	57,796,358		56,534,827	
Intercollegiate athletics	75,399,533		74,105,207	
Parking facilities	13,155,438		12,648,979	
Other auxiliary enterprises expenses	57,650,050		55,226,188	
<b>Total operating expenses</b>	<b>1,936,521,114</b>		<b>1,887,451,403</b>	
<b>Operating loss</b>	<b>(566,924,157)</b>		<b>(532,559,969)</b>	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	503,031,828		497,187,314	
Pell grants	27,077,290		24,775,697	
Gifts	28,529,601	\$ 175,892,437	29,311,090	\$ 70,322,550
Investment income	24,001,544	36,522,870	23,400,652	46,867,806
Less: investment expense	(509,484)		(350,521)	
Interest on indebtedness	23,492,060		23,050,131	
Other revenues, (expenses), gains and (losses)	(9,682,195)		(10,766,783)	
Other affiliated foundation revenues	(564,789)		(1,382,054)	
Other affiliated foundation expenses		6,325,650		8,860,798
Transfers (to) from other University System of Maryland institutions		(85,637,437)		(74,769,784)
	(10,087,947)		4,670,415	
<b>Total nonoperating revenues</b>	<b>561,795,848</b>	<b>133,103,520</b>	<b>566,845,810</b>	<b>51,281,370</b>
<b>Income (loss) before other revenues</b>	<b>(5,128,309)</b>	<b>133,103,520</b>	<b>34,285,841</b>	<b>51,281,370</b>
<b>OTHER REVENUES:</b>				
Capital appropriations	73,006,775		87,611,050	
Capital gifts and grants	32,196,879		11,220,090	
Additions to permanent endowments	49,611		71,671	
<b>Total other revenues</b>	<b>105,253,265</b>		<b>98,902,811</b>	
<b>Increase in net position</b>	<b>100,124,956</b>	<b>133,103,520</b>	<b>133,188,652</b>	<b>51,281,370</b>
<b>Net position - beginning of year</b>	<b>1,907,233,909</b>	<b>657,999,935</b>	<b>1,774,045,257</b>	<b>606,718,565</b>
<b>Net position - end of year</b>	<b>\$ 2,007,358,865</b>	<b>\$ 791,103,455</b>	<b>\$ 1,907,233,909</b>	<b>\$ 657,999,935</b>



**UNIVERSITY OF MARYLAND, COLLEGE PARK  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 524,895,018	\$ 494,696,682
Research contracts and grants	507,306,372	505,100,111
Payments to employees	(1,273,668,251)	(1,332,518,075)
Payments to suppliers and contractors	(515,844,681)	(476,995,723)
Loans issued to students	(699,551)	(2,440,094)
Collection of loans to students	1,456,411	2,323,578
Auxiliary enterprises:		
Residential facilities	65,474,713	64,451,407
Dining facilities	56,350,901	55,584,537
Intercollegiate athletics	113,240,519	90,307,825
Parking facilities	15,319,183	15,785,448
Other	41,922,567	42,551,163
Other receipts	92,607,790	104,430,330
<b>Net cash provided (used) by operating activities</b>	<u>(371,639,009)</u>	<u>(436,722,811)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	503,031,828	497,187,314
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	49,611	71,671
Pell grants	27,077,290	24,775,697
<b>Net cash provided by noncapital financing activities</b>	<u>530,158,729</u>	<u>522,034,682</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	16,337,049	27,806,259
Capital appropriations	73,006,775	87,611,050
Capital grants and gifts received	32,196,879	11,220,090
Proceeds from sales of capital assets	1,848,662	715,667
Purchases of capital assets	(180,280,039)	(222,512,273)
Principal paid on debt and capital leases	(38,625,668)	(54,090,062)
Interest paid on debt and capital leases	(12,057,223)	(11,811,871)
Transfers from other University System of Maryland institutions	9,724,395	10,780,321
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(97,849,170)</u>	<u>(150,280,819)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	5,677,442	5,086,315
Interest on investments	12,177,317	10,674,418
Investment expense	(509,484)	(350,521)
Purchases of investments	(21,238,725)	(90,614)
<b>Net cash provided (used) by investing activities</b>	<u>(3,893,450)</u>	<u>15,319,598</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	56,777,100	(49,649,350)
<b>Cash and cash equivalents - beginning of year</b>	<u>609,039,011</u>	<u>658,688,361</u>
<b>Cash and cash equivalents - end year</b>	<u>\$ 665,816,111</u>	<u>\$ 609,039,011</u>

**BOWIE STATE UNIVERSITY  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 93,043,688	\$ 883,025	\$ 80,978,620	\$ 684,141
Accounts receivable, net	3,169,932	366,439	2,139,643	1,067,878
Notes receivable, current portion, net	66,364		97,671	
Inter-institutional balances	(823,544)		451,921	
<b>Total current assets</b>	<b>95,456,440</b>	<b>1,249,464</b>	<b>83,667,855</b>	<b>1,752,019</b>
<b>Noncurrent assets:</b>				
Endowment investments	2,302,847	8,329,087	956,447	7,826,931
Other investments		2,302,847		956,447
Notes receivable, net	95,425		145,461	
Other assets				1,938
Capital assets, net	283,553,239	352	292,162,650	704
<b>Total noncurrent assets</b>	<b>285,951,511</b>	<b>10,632,286</b>	<b>293,264,558</b>	<b>8,786,020</b>
<b>Total assets</b>	<b>381,407,951</b>	<b>11,881,750</b>	<b>376,932,413</b>	<b>10,538,039</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>14,575,284</b>		<b>17,922,371</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 395,983,235</b>	<b>\$ 11,881,750</b>	<b>\$ 394,854,784</b>	<b>\$ 10,538,039</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 8,741,614	\$ 35,356	\$ 10,236,868	\$ 142,390
Accrued workers' compensation, current portion	175,350		151,350	
Accrued vacation costs, current portion	1,737,413		1,644,773	
Revenue bonds and notes payable, current portion	2,478,916		2,129,061	3,902
Unearned revenues	3,797,760	329,029	3,971,220	184,044
<b>Total current liabilities</b>	<b>16,931,053</b>	<b>364,385</b>	<b>18,133,272</b>	<b>330,336</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	993,650		857,650	
Accrued vacation costs	1,156,880		1,263,712	
Endowments invested on behalf of primary government		2,302,847		956,447
Revenue bonds and notes payable	40,356,284		42,977,873	
Net pension liability	32,022,437		34,495,239	
<b>Total noncurrent liabilities</b>	<b>74,529,251</b>	<b>2,302,847</b>	<b>79,594,474</b>	<b>956,447</b>
<b>Total liabilities</b>	<b>91,460,304</b>	<b>2,667,232</b>	<b>97,727,746</b>	<b>1,286,783</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>25,747,835</b>		<b>25,778,517</b>	
<b>NET POSITION</b>				
Unrestricted	59,617,907	556,236	46,774,686	649,404
Net investment in capital assets	218,941,946		223,749,807	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		4,339,710		4,257,141
Other		1,049,466		834,160
Expendable:				
Loans	215,243		824,028	
Other		3,269,106		3,510,551
<b>Total net position</b>	<b>278,775,096</b>	<b>9,214,518</b>	<b>271,348,521</b>	<b>9,251,256</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 395,983,235</b>	<b>\$ 11,881,750</b>	<b>\$ 394,854,784</b>	<b>\$ 10,538,039</b>

**BOWIE STATE UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>		<b>2017</b>	
	<b>Institution</b>	<b>Component Units</b>	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 43,971,886		\$ 38,934,395	
Less: scholarship allowances	<u>(16,479,120)</u>	\$ 27,492,766	<u>(14,481,916)</u>	\$ 24,452,479
Federal grants and contracts		8,231,389		8,107,069
State and local grants and contracts		343,242		2,160,857
Nongovernmental grants and contracts		360,875		234,140
Sales and services of educational departments		35,573		30,643
Auxiliary enterprises:				
Residential facilities	6,854,270		6,612,437	
Less: scholarship allowances	<u>(29,417)</u>	6,824,853	<u>(26,177)</u>	6,586,260
Dining facilities	4,949,491		4,609,028	
Less: scholarship allowances	<u>(627,708)</u>	4,321,783	<u>(662,319)</u>	3,946,709
Intercollegiate athletics	4,161,409		3,788,975	
Less: scholarship allowances	<u>(468,517)</u>	3,692,892	<u>(455,951)</u>	3,333,024
Parking facilities		302,623		305,636
Other auxiliary enterprises revenues		<u>8,615,554</u>		<u>7,330,903</u>
<b>Total operating revenues</b>		<u>60,221,550</u>		<u>56,487,720</u>
<b>OPERATING EXPENSES:</b>				
Instruction		44,848,143		35,785,633
Research		471,825		294,864
Public service		137,780		140,033
Academic support		14,473,858		13,248,988
Student services		10,023,434		9,997,643
Institutional support		17,281,600		15,835,947
Operation and maintenance of plant		11,631,310		8,711,163
Scholarships and fellowships		1,448,029		1,651,671
Auxiliary enterprises:				
Residential facilities		5,790,888		5,857,628
Dining facilities		4,939,587		4,677,457
Intercollegiate athletics		3,997,659		3,566,647
Other auxiliary enterprises expenses		<u>3,894,465</u>		<u>3,499,638</u>
<b>Total operating expenses</b>		<u>118,938,578</u>		<u>103,267,312</u>
<b>Operating loss</b>		<u>(58,717,028)</u>		<u>(46,779,592)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		44,518,089		43,848,695
Pell grants		13,255,969		11,106,282
Gifts			\$ 1,439,288	\$ 1,915,596
Investment income	1,571,709		593,567	1,315,264
Less: investment expense	<u>(2,912)</u>	1,568,797		753,362
Interest on indebtedness		(1,324,411)		(1,421,617)
Other revenues, (expenses), gains and (losses)		710,199		550,180
Other affiliated foundation revenues			282,754	313,356
Other affiliated foundation expenses			(2,352,347)	(1,952,466)
Transfers (to) other University System of Maryland institutions		<u>(938,177)</u>		<u>(980,995)</u>
<b>Total nonoperating revenues (expenses)</b>		<u>57,790,466</u>	<u>(36,738)</u>	<u>54,417,809</u>
<b>Income (loss) before other revenues</b>		<u>(926,562)</u>	<u>(36,738)</u>	<u>7,638,217</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		<u>8,353,137</u>		<u>35,291,962</u>
<b>Total other revenues</b>		<u>8,353,137</u>		<u>35,291,962</u>
<b>Increase (decrease) in net position</b>		7,426,575	(36,738)	42,930,179
<b>Net position - beginning of year</b>		<u>271,348,521</u>	<u>9,251,256</u>	<u>228,418,342</u>
<b>Net position - end of year</b>		<u>\$ 278,775,096</u>	<u>\$ 9,214,518</u>	<u>\$ 271,348,521</u>

**BOWIE STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 26,762,626	\$ 23,991,056
Research contracts and grants	9,253,674	8,949,221
Payments to employees	(65,497,577)	(64,551,741)
Payments to suppliers and contractors	(32,978,446)	(28,241,375)
Collection of loans to students	66,364	80,057
Auxiliary enterprises:		
Residential facilities	5,228,390	4,989,797
Dining facilities	4,321,783	3,946,709
Intercollegiate athletics	3,692,892	3,333,024
Parking facilities	302,623	305,636
Other	8,615,554	7,854,673
Other receipts (payments)	<u>(919,373)</u>	<u>591,681</u>
<b>Net cash provided (used) by operating activities</b>	<u>(41,151,490)</u>	<u>(38,751,262)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	44,518,089	43,848,695
Pell grants	<u>13,255,969</u>	<u>11,106,282</u>
<b>Net cash provided by noncapital financing activities</b>	<u>57,774,058</u>	<u>54,954,977</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	208,299	476,912
Capital appropriations	8,353,137	35,291,962
Purchases of capital assets	(9,914,839)	(40,134,012)
Principal paid on debt and capital leases	(2,398,890)	(2,566,599)
Interest paid on debt and capital leases	(1,577,917)	(1,669,925)
Transfers from other University System of Maryland institutions	<u>550,313</u>	<u>1,000,412</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(4,779,897)</u>	<u>(7,601,250)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	2,912	
Interest on investments	1,488,276	1,268,305
Investment expense	(2,912)	
Purchases of investments	<u>(1,265,879)</u>	
<b>Net cash provided by investing activities</b>	<u>222,397</u>	<u>1,268,305</u>
<b>Net increase in cash and cash equivalents</b>	12,065,068	9,870,770
<b>Cash and cash equivalents - beginning of year</b>	<u>80,978,620</u>	<u>71,107,850</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 93,043,688</u>	<u>\$ 80,978,620</u>

**TOWSON UNIVERSITY  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 254,051,084	\$ 3,055,983	\$ 228,867,330	\$ 5,078,352
Accounts receivable, net	11,006,154	481,808	12,136,207	381,636
Notes receivable, current portion, net	2,051,396		2,710,718	
Inventories	3,217,107		4,083,451	
Prepaid expenses and other	3,528,332	373,816	3,258,799	277,097
Inter-institutional balances	(166,375)		(131,385)	
<b>Total current assets</b>	<b>273,687,698</b>	<b>3,911,607</b>	<b>250,925,120</b>	<b>5,737,085</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	47,280		47,280	
Accounts receivable, net		2,459,089		1,622,888
Endowment investments	8,483,735	74,963,982	8,301,844	67,607,364
Other investments		8,373,945		8,225,118
Notes receivable, net	8,667,249		10,343,186	
Capital assets, net	869,317,191	992	841,693,592	1,624
<b>Total noncurrent assets</b>	<b>886,515,455</b>	<b>85,798,008</b>	<b>860,385,902</b>	<b>77,456,994</b>
<b>Total assets</b>	<b>1,160,203,153</b>	<b>89,709,615</b>	<b>1,111,311,022</b>	<b>83,194,079</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>50,632,999</b>		<b>62,339,536</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$1,210,836,152</b>	<b>\$ 89,709,615</b>	<b>\$1,173,650,558</b>	<b>\$ 83,194,079</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 30,380,147	\$ 780,284	\$ 30,772,991	\$ 761,410
Accrued workers' compensation, current portion	287,550		273,150	
Accrued vacation costs, current portion	7,990,070		8,092,216	
Revenue bonds and notes payable, current portion	19,909,151		18,392,084	
Obligations under capital lease agreements, current portion	1,107,628		1,037,438	
Unearned revenues	10,318,895		9,579,899	
<b>Total current liabilities</b>	<b>69,993,441</b>	<b>780,284</b>	<b>68,147,778</b>	<b>761,410</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	1,629,450		1,547,850	
Accrued vacation costs	3,006,523		2,923,498	
Endowments invested on behalf of primary government		8,372,681		8,200,035
Revenue bonds and notes payable	339,846,516		324,067,929	
Obligations under capital lease agreements	3,778,354		4,885,982	
Net pension liability	113,960,559		122,450,128	
<b>Total noncurrent liabilities</b>	<b>462,221,402</b>	<b>8,372,681</b>	<b>455,875,387</b>	<b>8,200,035</b>
<b>Total liabilities</b>	<b>532,214,843</b>	<b>9,152,965</b>	<b>524,023,165</b>	<b>8,961,445</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>52,956,250</b>		<b>50,147,550</b>	
<b>NET POSITION</b>				
Unrestricted	142,295,187	3,622,138	127,204,068	3,684,760
Net investment in capital assets	467,836,191		454,349,715	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	265,025	24,907,729	265,025	24,017,447
Research		124,062		124,062
Other		17,964,623		17,314,045
Expendable				
Scholarships and fellowships	37,202	14,215,349	25,469	12,689,822
Research	2,221,747	32,694	1,602,533	21,363
Loans	10,355,624		13,481,299	
Other	2,654,083	19,690,055	2,551,734	16,381,135
<b>Total net position</b>	<b>625,665,059</b>	<b>80,556,650</b>	<b>599,479,843</b>	<b>74,232,634</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$1,210,836,152</b>	<b>\$ 89,709,615</b>	<b>\$1,173,650,558</b>	<b>\$ 83,194,079</b>

**TOWSON UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 190,061,754		\$ 184,554,790	
Less: scholarship allowances	<u>(50,650,535)</u>	\$ 139,411,219	<u>(47,092,383)</u>	\$ 137,462,407
Federal grants and contracts		4,591,885		2,881,701
State and local grants and contracts		1,752,651		3,980,731
Nongovernmental grants and contracts		601,197		487,568
Sales and services of educational departments		6,641,039		6,704,205
Auxiliary enterprises:				
Residential facilities	32,918,792		32,475,489	
Less: scholarship allowances	<u>(922,678)</u>	31,996,114	<u>(947,027)</u>	31,528,462
Dining facilities	23,318,093		22,246,342	
Less: scholarship allowances	<u>(470,656)</u>	22,847,437	<u>(526,172)</u>	21,720,170
Intercollegiate athletics	20,077,423		19,538,965	
Less: scholarship allowances	<u>(4,511,982)</u>	15,565,441	<u>(3,997,214)</u>	15,541,751
Bookstore	6,738,373		6,992,350	
Less: scholarship allowances	<u>(1,579,796)</u>	5,158,577	<u>(1,415,644)</u>	5,576,706
Parking facilities		9,209,387		8,839,130
Other auxiliary enterprises revenues		<u>39,234,470</u>		<u>36,752,038</u>
<b>Total operating revenues</b>		<u>277,009,417</u>		<u>271,474,869</u>
<b>OPERATING EXPENSES:</b>				
Instruction		128,855,759		126,836,279
Research		5,026,069		4,577,410
Public service		11,214,577		11,250,000
Academic support		44,739,748		41,260,786
Student services		25,221,380		23,167,416
Institutional support		52,123,340		49,770,525
Operation and maintenance of plant		32,248,661		27,763,601
Scholarships and fellowships		12,997,525		10,223,115
Auxiliary enterprises:				
Residential facilities		21,903,821		21,625,508
Dining facilities		18,169,110		17,406,470
Intercollegiate athletics		16,126,185		15,810,097
Bookstore		7,830,755		7,033,194
Parking facilities		6,907,231		6,184,818
Other auxiliary enterprises expenses		<u>21,662,829</u>		<u>21,844,225</u>
<b>Total operating expenses</b>		<u>405,026,990</u>		<u>384,753,444</u>
<b>Operating loss</b>		<u>(128,017,573)</u>		<u>(113,278,575)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		117,705,641		115,130,791
Pell grants		26,572,342		23,092,164
Gifts		5,942	\$ 7,611,710	\$ 6,635,749
Investment income	5,212,123		5,529,324	126,558
Less: investment expense	<u>(19,624)</u>	5,192,499	<u>4,802,156</u>	4,787,176
Interest on indebtedness		(12,263,294)		(11,749,438)
Other revenues, (expenses), gains and (losses)		9,702,726		9,380,231
Other affiliated foundation revenues			1,892,208	1,995,224
Other affiliated foundation expenses			(8,709,226)	(8,833,268)
Transfers (to) other University System of Maryland institutions		<u>(6,282,303)</u>		<u>(5,883,002)</u>
<b>Total nonoperating revenues</b>		<u>140,633,553</u>	<u>6,324,016</u>	<u>134,884,480</u>
<b>Income before other revenues</b>		<u>12,615,980</u>	<u>6,324,016</u>	<u>21,605,905</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		12,082,836		3,448,303
Capital gifts and grants		<u>1,486,400</u>		<u>2,937,397</u>
<b>Total other revenues</b>		<u>13,569,236</u>		<u>6,385,700</u>
<b>Increase in net position</b>		26,185,216	6,324,016	27,991,605
<b>Net position - beginning of year</b>		<u>599,479,843</u>	<u>74,232,634</u>	<u>571,488,238</u>
<b>Net position - end of year</b>		<u>\$ 625,665,059</u>	<u>\$ 80,556,650</u>	<u>\$ 599,479,843</u>
				<u>\$ 74,232,634</u>

**TOWSON UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 141,228,880	\$ 138,005,839
Research contracts and grants	7,780,859	6,844,042
Payments to employees	(243,847,032)	(243,103,103)
Payments to suppliers and contractors	(106,907,911)	(97,582,763)
Collection of loans to students	2,335,259	2,750,947
Auxiliary enterprises:		
Residential facilities	29,431,972	28,915,683
Dining facilities	22,871,604	21,736,807
Intercollegiate athletics	15,473,319	17,301,119
Bookstores	4,988,405	5,553,724
Parking facilities	9,236,720	8,795,731
Other	39,186,735	36,678,855
Other receipts	15,295,733	17,990,102
<b>Net cash provided (used) by operating activities</b>	<u>(62,925,457)</u>	<u>(56,113,017)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	117,705,641	115,130,791
Pell grants	26,572,342	23,092,164
<b>Net cash provided by noncapital financing activities</b>	<u>144,277,983</u>	<u>138,222,955</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	8,294,485	33,085,988
Capital appropriations	12,082,836	3,448,303
Purchases of capital assets	(71,740,887)	(64,687,714)
Principal paid on debt and capital leases	(20,086,449)	(27,816,546)
Interest paid on debt and capital leases	(13,915,463)	(12,957,072)
Transfers from other University System of Maryland institutions	24,186,098	5,576,578
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(61,179,380)</u>	<u>(63,350,463)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	385,037	225,064
Interest on investments	4,645,195	4,073,003
Investment expense	(19,624)	(14,980)
<b>Net cash provided by investing activities</b>	<u>5,010,608</u>	<u>4,283,087</u>
<b>Net increase in cash and cash equivalents</b>	25,183,754	23,042,562
<b>Cash and cash equivalents - beginning of year</b>	<u>228,914,610</u>	<u>205,872,048</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 254,098,364</u>	<u>\$ 228,914,610</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 5,267,140	\$ 90,242	\$ 3,692,061	\$ 30,915
Accounts receivable, net	5,306,687	71,277	7,045,020	376,561
Notes receivable, current portion, net	210,214		1,003,941	
Prepaid expenses and other	167,036		222,842	
Inter-institutional balances	<u>(2,927,342)</u>		<u>1,210,061</u>	
<b>Total current assets</b>	<u>8,023,735</u>	<u>161,519</u>	<u>13,173,925</u>	<u>407,476</u>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents			89,723	
Accounts receivable, net		1,037,056		1,234,957
Endowment investments	6,526,938	22,351,831	6,088,973	21,713,570
Other investments		7,760,744		7,166,808
Notes receivable, net	986,155		830,394	
Other assets		39,718		41,246
Capital assets, net	<u>221,954,782</u>	<u>11,472,150</u>	<u>227,349,677</u>	<u>12,058,271</u>
<b>Total noncurrent assets</b>	<u>229,467,875</u>	<u>42,661,499</u>	<u>234,358,767</u>	<u>42,214,852</u>
<b>Total assets</b>	<u>237,491,610</u>	<u>42,823,018</u>	<u>247,532,692</u>	<u>42,622,328</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>14,242,791</u>		<u>17,721,132</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$ 251,734,401</u>	<u>\$ 42,823,018</u>	<u>\$ 265,253,824</u>	<u>\$ 42,622,328</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 4,734,560	\$ 519,802	\$ 4,776,264	\$ 553,312
Accrued workers' compensation, current portion	202,650		193,350	
Accrued vacation costs, current portion	2,113,247		1,805,798	
Revenue bonds and notes payable, current portion	4,284,871	178,103	4,362,044	173,886
Unearned revenues	<u>1,784,915</u>		<u>1,504,545</u>	
<b>Total current liabilities</b>	<u>13,120,243</u>	<u>697,905</u>	<u>12,642,001</u>	<u>727,198</u>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	1,148,350		1,095,650	
Accrued vacation costs	2,680,065		2,918,121	
Endowments invested on behalf of primary government		6,526,938		6,088,973
Revenue bonds and notes payable	20,918,448	12,460,012	27,567,542	12,542,350
Net pension liability	<u>31,215,931</u>		<u>33,638,557</u>	
<b>Total noncurrent liabilities</b>	<u>55,962,794</u>	<u>18,986,950</u>	<u>65,219,870</u>	<u>18,631,323</u>
<b>Total liabilities</b>	<u>69,083,037</u>	<u>19,684,855</u>	<u>77,861,871</u>	<u>19,358,521</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,271,814</u>		<u>1,737,803</u>	
<b>NET POSITION</b>				
Unrestricted	(26,466,273)	2,910,881	(19,026,156)	3,224,472
Net investment in capital assets	197,160,257		195,945,936	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	28,009	8,529,057	28,009	8,244,032
Research		169,101		173,130
Other		5,867,901		5,816,941
Expendable				
Scholarships and fellowships	2,836,130	1,299,176	2,627,937	1,315,033
Research		1,303,185		1,291,754
Loans	4,298,704		4,543,267	
Capital projects			89,723	
Other	<u>1,522,723</u>	<u>3,058,862</u>	<u>1,445,434</u>	<u>3,198,445</u>
<b>Total net position</b>	<u>179,379,550</u>	<u>23,138,163</u>	<u>185,654,150</u>	<u>23,263,807</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 251,734,401</u>	<u>\$ 42,823,018</u>	<u>\$ 265,253,824</u>	<u>\$ 42,622,328</u>



**UNIVERSITY OF MARYLAND EASTERN SHORE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 26,580,563		\$ 28,224,411	
Less: scholarship allowances	<u>(12,350,484)</u>	\$ 14,230,079	<u>(12,586,600)</u>	\$ 15,637,811
Federal grants and contracts		8,104,084		9,299,334
State and local grants and contracts		8,335,288		8,239,139
Nongovernmental grants and contracts		1,017,633		1,711,724
Sales and services of educational departments		166,763		128,845
Auxiliary enterprises:				
Residential facilities	11,055,454		12,057,917	
Less: scholarship allowances	<u>(429,356)</u>	10,626,098	<u>(717,337)</u>	11,340,580
Dining facilities	5,604,331		6,162,394	
Less: scholarship allowances	<u>(547,760)</u>	5,056,571	<u>(1,035,163)</u>	5,127,231
Intercollegiate athletics		4,094,616		3,461,447
Parking facilities		144,658		141,920
Other auxiliary enterprises revenues		6,476,345		6,619,328
Other operating revenues		<u>914,980</u>		<u>406,551</u>
<b>Total operating revenues</b>		<u>59,167,115</u>		<u>62,113,910</u>
<b>OPERATING EXPENSES:</b>				
Instruction		40,554,634		41,062,823
Research		9,124,402		10,029,208
Public service		2,367,552		2,621,974
Academic support		8,941,326		10,604,918
Student services		5,969,190		5,706,467
Institutional support		13,497,330		14,632,800
Operation and maintenance of plant		11,547,655		12,888,666
Scholarships and fellowships		817,503		612,876
Auxiliary enterprises:				
Residential facilities		9,322,347		9,911,527
Dining facilities		4,677,109		5,292,014
Intercollegiate athletics		4,340,532		4,712,897
Other auxiliary enterprises expenses		<u>5,659,603</u>		<u>4,740,735</u>
<b>Total operating expenses</b>		<u>116,819,183</u>		<u>122,816,905</u>
<b>Operating loss</b>		<u>(57,652,068)</u>		<u>(60,702,995)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		41,614,710		41,124,261
Pell grants		7,835,212		7,868,035
Gifts		161,556	\$ 833,428	174,948
Investment income	567,954		2,026,498	\$ 1,812,583
Less: investment expense	<u>(21,343)</u>	546,611	<u>(16,110)</u>	2,653,347
Interest on indebtedness		(819,791)		(968,259)
Other revenues, (expenses), gains and (losses)		(292,398)		189,877
Other affiliated foundation revenues		1,037,781		855,775
Other affiliated foundation expenses		(4,023,351)		(4,438,924)
Transfers (to) other University System of Maryland institutions		<u>(58,363)</u>		<u>(95,641)</u>
<b>Total nonoperating revenues (expenses)</b>		<u>48,987,537</u>	<u>(125,644)</u>	<u>49,190,561</u>
<b>Income (loss) before other revenues</b>		<u>(8,664,531)</u>	<u>(125,644)</u>	<u>(11,512,434)</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		<u>2,389,931</u>		<u>3,733,884</u>
<b>Total other revenues</b>		<u>2,389,931</u>		<u>3,733,884</u>
<b>Increase (decrease) in net position</b>		(6,274,600)	(125,644)	(7,778,550)
<b>Net position - beginning of year</b>		<u>185,654,150</u>	<u>23,263,807</u>	<u>193,432,700</u>
<b>Net position - end of year</b>		<u>\$ 179,379,550</u>	<u>\$ 23,138,163</u>	<u>\$ 185,654,150</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 16,037,913	\$ 15,378,882
Research contracts and grants	18,278,881	19,250,197
Payments to employees	(69,632,522)	(77,316,504)
Payments to suppliers and contractors	(33,423,602)	(35,015,689)
Loans issued to students	(30,000)	(67,500)
Collection of loans to students	667,966	498,221
Auxiliary enterprises:		
Residential facilities	10,626,098	11,340,580
Dining facilities	5,056,571	5,127,231
Intercollegiate athletics	4,094,616	3,461,447
Parking facilities	144,658	141,920
Other	5,865,337	6,619,328
Other receipts	917,892	940,979
<b>Net cash provided (used) by operating activities</b>	<u>(41,396,192)</u>	<u>(49,640,908)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	41,614,710	41,124,261
Pell grants	7,835,212	7,868,035
<b>Net cash provided by noncapital financing activities</b>	<u>49,449,922</u>	<u>48,992,296</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	559,562	4,414,950
Capital appropriations	2,389,931	3,733,884
Purchases of capital assets	(5,665,857)	(6,877,817)
Principal paid on debt and capital leases	(7,119,680)	(8,665,180)
Interest paid on debt and capital leases	(1,179,851)	(2,108,148)
Transfers (to) from other University System of Maryland institutions	4,338,875	(201,029)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(6,677,020)</u>	<u>(9,703,340)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	172,062	49,503
Interest on investments	63,727	379,920
Investment expense	(21,343)	(16,110)
Purchases of investments	(105,800)	
<b>Net cash provided by investing activities</b>	<u>108,646</u>	<u>413,313</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,485,356	(9,938,639)
<b>Cash and cash equivalents - beginning of year</b>	<u>3,781,784</u>	<u>13,720,423</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 5,267,140</u>	<u>\$ 3,781,784</u>

**FROSTBURG STATE UNIVERSITY  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 34,232,272	\$ 402,626	\$ 35,240,647	\$ 647,446
Accounts receivable, net	1,802,305	128,085	1,731,705	87,011
Notes receivable, current portion, net	49,692		129,522	
Inventories	1,017,654		1,093,596	
Prepaid expenses and other	1,669,216	23,842	1,807,541	31,121
Inter-institutional balances	262,789		268,349	
<b>Total current assets</b>	<b>39,033,928</b>	<b>554,553</b>	<b>40,271,360</b>	<b>765,578</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents			1,386	
Accounts receivable, net		1,162,444		621,786
Endowment investments	4,143,745	23,148,833	2,726,192	21,533,280
Other investments		6,347,838		4,532,922
Notes receivable, net	612,862		632,374	
Other assets		347,673		328,676
Capital assets, net	164,021,668	33,182	165,981,142	285,318
<b>Total noncurrent assets</b>	<b>168,778,275</b>	<b>31,039,970</b>	<b>169,341,094</b>	<b>27,301,982</b>
<b>Total assets</b>	<b>207,812,203</b>	<b>31,594,523</b>	<b>209,612,454</b>	<b>28,067,560</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>18,695,879</b>		<b>22,921,896</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 226,508,082</b>	<b>\$ 31,594,523</b>	<b>\$ 232,534,350</b>	<b>\$ 28,067,560</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 7,605,042	\$ 22,118	\$ 8,820,674	\$ 20,040
Accrued workers' compensation, current portion	98,550		101,400	
Accrued vacation costs, current portion	3,063,187		3,326,943	
Revenue bonds and notes payable, current portion	1,512,428		1,552,938	
Unearned revenues	1,710,264	56,922	1,764,644	55,720
<b>Total current liabilities</b>	<b>13,989,471</b>	<b>79,040</b>	<b>15,566,599</b>	<b>75,760</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	558,450		574,600	
Accrued vacation costs	281,132		236,221	
Endowments invested on behalf of primary government		4,143,745		2,726,192
Revenue bonds and notes payable	17,126,405		18,134,737	
Net pension liability	42,774,728		45,826,473	
<b>Total noncurrent liabilities</b>	<b>60,740,715</b>	<b>4,143,745</b>	<b>64,772,031</b>	<b>2,726,192</b>
<b>Total liabilities</b>	<b>74,730,186</b>	<b>4,222,785</b>	<b>80,338,630</b>	<b>2,801,952</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>21,943,936</b>		<b>21,184,085</b>	
<b>NET POSITION</b>				
Unrestricted	(2,165,097)	637,774	(505,774)	709,374
Net investment in capital assets	128,002,354		127,775,832	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		17,457,742		16,151,990
Research		52,138		44,856
Other	750,000	5,620,021	750,000	5,341,145
Expendable:				
Scholarships and fellowships	30,839	489,209	34,933	518,404
Research	2,025,814	3,536	1,720,603	13,359
Loans	873,040		958,491	
Capital projects			1,386	
Other	317,010	3,111,318	276,164	2,486,480
<b>Total net position</b>	<b>129,833,960</b>	<b>27,371,738</b>	<b>131,011,635</b>	<b>25,265,608</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 226,508,082</b>	<b>\$ 31,594,523</b>	<b>\$ 232,534,350</b>	<b>\$ 28,067,560</b>

**FROSTBURG STATE UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 37,281,705		\$ 38,662,114	
Less: scholarship allowances	<u>(9,139,855)</u>	\$ 28,141,850	<u>(9,101,617)</u>	\$ 29,560,497
Federal grants and contracts		1,656,964		1,602,808
State and local grants and contracts		2,630,315		2,739,216
Nongovernmental grants and contracts		125,817		148,850
Sales and services of educational departments		1,278,476		1,253,176
Auxiliary enterprises:				
Residential facilities	7,209,385		7,503,115	
Less: scholarship allowances	<u>(44,460)</u>	7,164,925	<u>(43,660)</u>	7,459,455
Dining facilities	7,369,601		8,052,528	
Less: scholarship allowances	<u>(13,097)</u>	7,356,504	<u>(13,819)</u>	8,038,709
Intercollegiate athletics	3,784,922		3,923,295	
Less: scholarship allowances	<u>(44,517)</u>	3,740,405	<u>(46,741)</u>	3,876,554
Bookstore	1,357,214		1,574,983	
Less: scholarship allowances	<u>(6,639)</u>	1,350,575	<u>(5,150)</u>	1,569,833
Other auxiliary enterprises revenues	4,872,675		5,236,014	
Less: scholarship allowances	<u>(25,418)</u>	4,847,257	<u>(29,633)</u>	5,206,381
Other operating revenues		<u>638,749</u>		<u>577,239</u>
<b>Total operating revenues</b>		<u>58,931,837</u>		<u>62,032,718</u>
<b>OPERATING EXPENSES:</b>				
Instruction		36,686,951		37,039,858
Research		317,545		358,840
Public service		4,018,297		3,709,993
Academic support		10,508,710		10,338,187
Student services		5,557,039		5,582,245
Institutional support		14,535,831		15,471,142
Operation and maintenance of plant		10,034,776		10,048,578
Scholarships and fellowships		7,847,610		7,793,135
Auxiliary enterprises:				
Residential facilities		5,363,045		5,756,585
Dining facilities		5,530,051		5,615,928
Intercollegiate athletics		4,238,050		4,373,127
Bookstore		1,525,257		1,635,691
Other auxiliary enterprises expenses		<u>4,040,896</u>		<u>4,209,907</u>
<b>Total operating expenses</b>		<u>110,204,058</u>		<u>111,933,216</u>
<b>Operating loss</b>		<u>(51,272,221)</u>		<u>(49,900,498)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		41,138,229		40,567,944
Pell grants		8,207,153		8,239,537
Gifts		1,107,233	\$ 2,205,572	1,035,808
Investment income	904,258		891,462	\$ 1,888,577
Less: investment expense	<u>(10,844)</u>	893,414	<u>(5,611)</u>	2,779,050
Interest on indebtedness		(611,774)		(638,413)
Other revenues, (expenses), gains and (losses)		(282,424)		(134,261)
Other affiliated foundation revenues			377,662	429,440
Other affiliated foundation expenses			(2,483,589)	(2,505,315)
Transfers (to) other University System of Maryland institutions		<u>(889,704)</u>		<u>(846,694)</u>
<b>Total nonoperating revenues</b>		<u>49,562,127</u>	<u>2,106,130</u>	<u>49,109,772</u>
<b>Income (loss) before other revenues</b>		<u>(1,710,094)</u>	<u>2,106,130</u>	<u>(790,726)</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		494,511		5,018,149
Capital gifts and grants		<u>37,908</u>		<u>15,818</u>
<b>Total other revenues</b>		<u>532,419</u>		<u>5,033,967</u>
<b>Increase (decrease) in net position</b>		<u>(1,177,675)</u>	<u>2,106,130</u>	<u>4,243,241</u>
<b>Net position - beginning of year</b>		<u>131,011,635</u>	<u>25,265,608</u>	<u>126,768,394</u>
<b>Net position - end of year</b>		<u>\$ 129,833,960</u>	<u>\$ 27,371,738</u>	<u>\$ 131,011,635</u>
				<u>\$ 25,265,608</u>

**FROSTBURG STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 27,935,724	\$ 29,774,341
Research contracts and grants	4,457,975	4,641,289
Payments to employees	(69,184,509)	(71,675,439)
Payments to suppliers and contractors	(31,164,720)	(30,918,874)
Loans issued to students	(91,600)	(301,862)
Collection of loans to students	190,942	320,866
Auxiliary enterprises:		
Residential facilities	5,992,407	6,286,937
Dining facilities	7,366,390	8,026,440
Intercollegiate athletics	3,767,332	3,849,627
Bookstores	1,365,973	1,470,570
Other	4,845,508	5,193,213
Other receipts	2,720,903	2,644,761
<b>Net cash provided (used) by operating activities</b>	<u>(41,797,675)</u>	<u>(40,688,131)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	41,138,229	40,567,944
Pell grants	8,207,153	8,239,537
<b>Net cash provided by noncapital financing activities</b>	<u>49,345,382</u>	<u>48,807,481</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	532,894	657,230
Capital appropriations	494,511	5,018,149
Purchases of capital assets	(6,009,025)	(7,825,410)
Principal paid on debt and capital leases	(1,543,681)	(1,594,461)
Interest paid on debt and capital leases	(706,047)	(725,689)
Transfers (to) from other University System of Maryland institutions	(801,981)	130,066
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(8,033,329)</u>	<u>(4,340,115)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	67,521	71,118
Interest on investments	659,818	635,888
Investment expense	(10,844)	(5,611)
Purchases of investments	(1,240,634)	(107,147)
<b>Net cash provided (used) by investing activities</b>	<u>(524,139)</u>	<u>594,248</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,009,761)	4,373,483
<b>Cash and cash equivalents - beginning of year</b>	<u>35,242,033</u>	<u>30,868,550</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 34,232,272</u>	<u>\$ 35,242,033</u>

**COPPIN STATE UNIVERSITY  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 15,671,216	\$ 2,834,881	\$ 11,433,232	\$ 1,841,804
Accounts receivable, net	2,036,104	894,540	2,877,432	307,592
Notes receivable, current portion, net	89,122		129,241	
Prepaid expenses and other	84,267	5,870	24,886	4,155
Inter-institutional balances	<u>(3,225,930)</u>		<u>(1,429,428)</u>	
<b>Total current assets</b>	<u>14,654,779</u>	<u>3,735,291</u>	<u>13,035,363</u>	<u>2,153,551</u>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents			13,074	
Endowment investments	2,766,777	8,228,199	1,636,908	9,046,348
Other investments		2,766,777		1,636,908
Notes receivable, net	737,849		1,069,999	
Capital assets, net	<u>324,450,227</u>	<u>30,100</u>	<u>335,661,021</u>	<u>40,332</u>
<b>Total noncurrent assets</b>	<u>327,954,853</u>	<u>11,025,076</u>	<u>338,381,002</u>	<u>10,723,588</u>
<b>Total assets</b>	<u>342,609,632</u>	<u>14,760,367</u>	<u>351,416,365</u>	<u>12,877,139</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>14,280,396</u>		<u>17,861,697</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$ 356,890,028</u>	<u>\$ 14,760,367</u>	<u>\$ 369,278,062</u>	<u>\$ 12,877,139</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 6,352,142	\$ 68,471	\$ 5,825,049	\$ 84,789
Accrued workers' compensation, current portion	137,400		145,950	
Accrued vacation costs, current portion	1,667,418		1,781,084	
Revenue bonds and notes payable, current portion	2,789,113		2,751,778	
Unearned revenues	<u>2,895,336</u>		<u>3,864,731</u>	
<b>Total current liabilities</b>	<u>13,841,409</u>	<u>68,471</u>	<u>14,368,592</u>	<u>84,789</u>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	778,600		827,050	
Accrued vacation costs	1,270,620		1,022,174	
Endowments invested on behalf of primary government		2,766,777		1,636,908
Other payables		6,178		4,442
Revenue bonds and notes payable	37,155,818		40,281,245	
Net pension liability	<u>37,902,372</u>		<u>40,453,154</u>	
<b>Total noncurrent liabilities</b>	<u>77,107,410</u>	<u>2,772,955</u>	<u>82,583,623</u>	<u>1,641,350</u>
<b>Total liabilities</b>	<u>90,948,819</u>	<u>2,841,426</u>	<u>96,952,215</u>	<u>1,726,139</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>4,098,863</u>		<u>2,483,705</u>	
<b>NET POSITION</b>				
Unrestricted	(24,646,195)	184,837	(25,140,710)	160,173
Net investment in capital assets	284,807,599		293,007,707	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	433,379		433,379	
Other	240,125	7,398,635	240,125	7,515,741
Expendable:				
Scholarships and fellowships	18,528		12,886	
Loans	988,910		1,275,681	
Capital projects			13,074	
Other		4,335,469		3,475,086
<b>Total net position</b>	<u>261,842,346</u>	<u>11,918,941</u>	<u>269,842,142</u>	<u>11,151,000</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 356,890,028</u>	<u>\$ 14,760,367</u>	<u>\$ 369,278,062</u>	<u>\$ 12,877,139</u>

**COPPIN STATE UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 14,582,149		\$ 14,986,393	
Less: scholarship allowances	<u>(9,999,985)</u>	\$ 4,582,164	<u>(9,987,335)</u>	\$ 4,999,058
Federal grants and contracts		4,984,392		4,925,928
State and local grants and contracts		1,132,001		1,833,553
Nongovernmental grants and contracts		1,142,296		746,474
Sales and services of educational departments		796,982		384,128
Auxiliary enterprises:				
Residential facilities	3,380,749			3,533,338
Less: scholarship allowances	<u>(285,393)</u>	3,095,356		
Dining facilities		2,582,280		2,511,103
Intercollegiate athletics	3,060,759		2,936,739	
Less: scholarship allowances	<u>(1,212,063)</u>	1,848,696	<u>(1,162,884)</u>	1,773,855
Parking facilities	1,490,711		1,512,827	
Less: scholarship allowances	<u>(139,226)</u>	1,351,485	<u>(207,745)</u>	1,305,082
Other auxiliary enterprises revenues		<u>3,919,603</u>		<u>3,898,146</u>
<b>Total operating revenues</b>		<u>25,435,255</u>		<u>25,910,665</u>
<b>OPERATING EXPENSES:</b>				
Instruction		23,961,167		25,423,346
Research		477,609		500,024
Public service		229		6,889
Academic support		8,228,982		8,045,024
Student services		5,965,727		4,908,143
Institutional support		26,429,007		22,561,149
Operation and maintenance of plant		10,569,865		12,361,894
Scholarships and fellowships		477,268		477,718
Auxiliary enterprises:				
Residential facilities		2,427,228		2,407,341
Dining facilities		2,474,182		2,542,970
Intercollegiate athletics		3,624,908		4,100,338
Parking facilities		566,342		573,377
Other auxiliary enterprises expenses		<u>2,403,198</u>		<u>2,350,311</u>
<b>Total operating expenses</b>		<u>87,605,712</u>		<u>86,258,524</u>
<b>Operating loss</b>		<u>(62,170,457)</u>		<u>(60,347,859)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		46,566,387		46,282,760
Pell grants		6,928,648		6,493,811
Gifts				\$ 1,157,603
Investment income	326,166		352,384	\$ 1,098,541
Less: investment expense	<u>(6,115)</u>	320,051	<u>(2,807)</u>	349,577
Interest on indebtedness		(1,378,788)		(1,470,329)
Other revenues, (expenses), gains and (losses)		(382,427)		(1,005,318)
Other affiliated foundation revenues		228,177		249,213
Other affiliated foundation expenses		(1,471,367)		(1,839,014)
Transfers from other University System of Maryland institutions		<u>2,116,790</u>		<u>2,083,153</u>
<b>Total nonoperating revenues</b>		<u>54,170,661</u>	<u>767,941</u>	<u>52,733,654</u>
<b>Income (loss) before other revenues</b>		<u>(7,999,796)</u>	<u>767,941</u>	<u>(7,614,205)</u>
<b>OTHER REVENUES:</b>				
Capital appropriations				1,950,863
Additions to permanent endowments				<u>19,905</u>
<b>Total other revenues</b>				<u>1,970,768</u>
<b>Increase (decrease) in net position</b>		(7,999,796)	767,941	(5,643,437)
<b>Net position - beginning of year</b>		<u>269,842,142</u>	<u>11,151,000</u>	<u>275,485,579</u>
<b>Net position - end of year</b>		<u>\$ 261,842,346</u>	<u>\$ 11,918,941</u>	<u>\$ 269,842,142</u>

**COPPIN STATE UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 5,423,488	\$ 4,045,622
Research contracts and grants	6,289,293	7,112,719
Payments to employees	(46,860,413)	(48,454,327)
Payments to suppliers and contractors	(24,390,861)	(23,196,056)
Loans issued to students	(24,000)	(195,514)
Collection of loans to students	29,784	64,117
Auxiliary enterprises:		
Residential facilities	3,095,356	3,533,338
Dining facilities	2,582,280	2,511,103
Intercollegiate athletics	1,848,696	1,773,855
Parking facilities	1,351,485	1,305,081
Other	3,919,603	3,898,146
Other receipts (payments)	789,153	(621,189)
<b>Net cash provided (used) by operating activities</b>	<u>(45,946,136)</u>	<u>(48,223,105)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	46,566,387	46,282,760
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes		19,905
Pell grants	6,928,648	6,493,811
<b>Net cash provided by noncapital financing activities</b>	<u>53,495,035</u>	<u>52,796,476</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	856,237	2,435,354
Capital appropriations		1,950,863
Proceeds from sales of capital assets	7,029	
Purchases of capital assets	(2,003,289)	(3,449,755)
Principal paid on debt and capital leases	(3,912,412)	(5,172,353)
Interest paid on debt and capital leases	(1,660,979)	(1,701,698)
Transfers from other University System of Maryland institutions	4,207,357	3,942,934
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(2,506,057)</u>	<u>(1,994,655)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	78,281	42,162
Interest on investments	180,400	214,511
Investment expense	(14,229)	(2,807)
Purchases of investments	(1,062,384)	(19,905)
<b>Net cash provided (used) by investing activities</b>	<u>(817,932)</u>	<u>233,961</u>
<b>Net increase in cash and cash equivalents</b>	4,224,910	2,812,677
<b>Cash and cash equivalents - beginning of year</b>	<u>11,446,306</u>	<u>8,633,629</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 15,671,216</u>	<u>\$ 11,446,306</u>



**UNIVERSITY OF BALTIMORE  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 37,977,128	\$ 9,081,729	\$ 39,464,180	\$ 9,810,517
Accounts receivable, net	5,957,605	4,579,863	6,936,078	5,123,423
Notes receivable, current portion, net	109,739		168,807	
Prepaid expenses and other	561,665		359,867	
Inter-institutional balances	(6,820,124)		(5,672,668)	
<b>Total current assets</b>	<b>37,786,013</b>	<b>13,661,592</b>	<b>41,256,264</b>	<b>14,933,940</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents			1,608	
Endowment investments	1,089,488	49,001,471	1,117,190	46,082,445
Other investments		8,626,017		7,182,954
Notes receivable, net	695,839		994,415	
Other assets		61,593		61,199
Capital assets, net	198,165,034	649,508	182,158,898	687,925
<b>Total noncurrent assets</b>	<b>199,950,361</b>	<b>58,338,589</b>	<b>184,272,111</b>	<b>54,014,523</b>
<b>Total assets</b>	<b>237,736,374</b>	<b>72,000,181</b>	<b>225,528,375</b>	<b>68,948,463</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,916,400</b>		<b>18,381,027</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 251,652,774</b>	<b>\$ 72,000,181</b>	<b>\$ 243,909,402</b>	<b>\$ 68,948,463</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 9,577,740	\$ 494,154	\$ 7,337,423	\$ 508,925
Accrued workers' compensation, current portion	89,400		101,700	
Accrued vacation costs, current portion	2,452,364		2,366,017	
Revenue bonds and notes payable, current portion	2,447,876		2,505,178	
Unearned revenues	7,045,583	1,437,574	6,827,074	1,485,814
<b>Total current liabilities</b>	<b>21,612,963</b>	<b>1,931,728</b>	<b>19,137,392</b>	<b>1,994,739</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	506,600		576,300	
Accrued vacation costs	1,571,832		1,614,341	
Endowments invested on behalf of primary government		1,089,488		1,117,190
Revenue bonds and notes payable	14,698,294		17,249,695	
Net pension liability	37,819,384		40,683,522	
<b>Total noncurrent liabilities</b>	<b>54,596,110</b>	<b>1,089,488</b>	<b>60,123,858</b>	<b>1,117,190</b>
<b>Total liabilities</b>	<b>76,209,073</b>	<b>3,021,216</b>	<b>79,261,250</b>	<b>3,111,929</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>4,322,496</b>		<b>2,508,920</b>	
<b>NET POSITION</b>				
Unrestricted	(11,231,083)	6,505,084	(2,214,825)	6,321,667
Net investment in capital assets	181,380,059		162,839,753	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		25,678,255		25,119,022
Other		15,211,475		14,117,718
Expendable:				
Scholarships and fellowships		10,578,373		9,464,316
Loans	972,229		1,512,696	
Capital projects			1,608	
Other		11,005,778		10,813,811
<b>Total net position</b>	<b>171,121,205</b>	<b>68,978,965</b>	<b>162,139,232</b>	<b>65,836,534</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 251,652,774</b>	<b>\$ 72,000,181</b>	<b>\$ 243,909,402</b>	<b>\$ 68,948,463</b>

**UNIVERSITY OF BALTIMORE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>		<b>2017</b>	
	<b>Institution</b>	<b>Component Units</b>	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 62,870,918		\$ 64,148,902	
Less: scholarship allowances	<u>(15,596,997)</u>	\$ 47,273,921	<u>(15,279,495)</u>	\$ 48,869,407
Federal grants and contracts		5,183,172		1,708,062
State and local grants and contracts		8,361,839		7,611,651
Nongovernmental grants and contracts		4,675,683		2,645,855
Sales and services of educational departments		462,633		303,856
Auxiliary enterprises:				
Parking facilities		1,510,174		1,106,834
Other auxiliary enterprises revenues		5,526,574		6,367,638
Other operating revenues		<u>277,545</u>		<u>16,054</u>
<b>Total operating revenues</b>		<u>73,271,541</u>		<u>68,629,357</u>
<b>OPERATING EXPENSES:</b>				
Instruction		41,636,418		44,257,034
Research		11,868,556		7,728,253
Academic support		13,771,536		12,580,747
Student services		10,466,118		10,347,692
Institutional support		16,480,631		17,882,375
Operation and maintenance of plant		8,621,019		8,841,094
Scholarships and fellowships		3,085,165		3,127,863
Auxiliary enterprises:				
Parking facilities		399,895		325,791
Other auxiliary enterprises expenses		<u>3,829,582</u>		<u>3,955,703</u>
<b>Total operating expenses</b>		<u>110,158,920</u>		<u>109,046,552</u>
<b>Operating loss</b>		<u>(36,887,379)</u>		<u>(40,417,195)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		36,680,775		36,481,794
Pell grants		5,438,100		5,553,734
Gifts			\$ 3,242,635	\$ 5,903,648
Investment income		971,403	4,139,995	1,171,330
Interest on indebtedness		(519,589)		(553,345)
Other revenues, (expenses), gains and (losses)		(3,202,128)		
Other affiliated foundation revenues			178,069	156,241
Other affiliated foundation expenses			(4,418,268)	(7,805,609)
Transfers (to) other University System of Maryland institutions		<u>(3,790,225)</u>		<u>(3,245,354)</u>
<b>Total nonoperating revenues</b>		<u>35,578,336</u>	<u>3,142,431</u>	<u>39,408,159</u>
<b>Income (loss) before other revenues</b>		<u>(1,309,043)</u>	<u>3,142,431</u>	<u>(1,009,036)</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		10,269,476		1,253,030
Capital gifts and grants		<u>21,540</u>		<u>3,610,556</u>
<b>Total other revenues</b>		<u>10,291,016</u>		<u>4,863,586</u>
<b>Increase in net position</b>		8,981,973	3,142,431	3,854,550
<b>Net position - beginning of year</b>		<u>162,139,232</u>	<u>65,836,534</u>	<u>158,284,682</u>
<b>Net position - end of year</b>		<u>\$ 171,121,205</u>	<u>\$ 68,978,965</u>	<u>\$ 162,139,232</u>

**UNIVERSITY OF BALTIMORE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 47,193,281	\$ 49,037,864
Research contracts and grants	17,061,026	11,868,574
Payments to employees	(77,844,602)	(77,427,752)
Payments to suppliers and contractors	(19,851,119)	(21,376,377)
Collection of loans to students	355,547	422,484
Auxiliary enterprises:		
Parking facilities	1,510,174	1,106,834
Other	5,533,502	6,367,637
Other receipts (payments)	<u>458,291</u>	<u>(2,842,788)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(25,583,900)</u>	<u>(32,843,524)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	36,680,775	36,481,794
Pell grants	<u>5,438,100</u>	<u>5,553,734</u>
<b>Net cash provided by noncapital financing activities</b>	<u>42,118,875</u>	<u>42,035,528</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	18,525	381,762
Capital appropriations	10,269,476	1,253,030
Capital grants and gifts received	21,540	3,610,556
Purchases of capital assets	(23,479,999)	(5,999,474)
Principal paid on debt and capital leases	(3,598,268)	(2,216,074)
Interest paid on debt and capital leases	(616,278)	(642,700)
Transfers (to) other University System of Maryland institutions	<u>(1,515,683)</u>	<u>(3,147,581)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(18,900,687)</u>	<u>(6,760,481)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	75,000	
Interest on investments	<u>802,052</u>	<u>994,428</u>
<b>Net cash provided by investing activities</b>	<u>877,052</u>	<u>994,428</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,488,660)	3,425,951
<b>Cash and cash equivalents - beginning of year</b>	<u>39,465,788</u>	<u>36,039,837</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 37,977,128</u>	<u>\$ 39,465,788</u>

**SALISBURY UNIVERSITY  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 121,874,988	\$ 1,582,591	\$ 117,975,360	\$ 339,728
Accounts receivable, net	2,365,633	2,595,589	2,318,710	2,044,207
Notes receivable, current portion, net	116,226		198,738	
Inventories	1,168,441		1,208,790	
Prepaid expenses and other	59,889	81,021	109,511	240,397
Inter-institutional balances	1,117,577		1,525,268	
<b>Total current assets</b>	<b>126,702,754</b>	<b>4,259,201</b>	<b>123,336,377</b>	<b>2,624,332</b>
<b>Noncurrent assets:</b>				
Accounts receivable, net		4,837,322		4,803,903
Endowment investments	3,548,142	68,129,413	1,500,315	64,416,999
Other investments		8,037,682		5,926,078
Notes receivable, net	615,573		714,366	
Other assets		2,220,817		2,200,901
Capital assets, net	460,831,588	6,238,519	461,180,474	9,629,178
<b>Total noncurrent assets</b>	<b>464,995,303</b>	<b>89,463,753</b>	<b>463,395,155</b>	<b>86,977,059</b>
<b>Total assets</b>	<b>591,698,057</b>	<b>93,722,954</b>	<b>586,731,532</b>	<b>89,601,391</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>20,139,067</b>		<b>25,194,088</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 611,837,124</b>	<b>\$ 93,722,954</b>	<b>\$ 611,925,620</b>	<b>\$ 89,601,391</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 11,966,576	\$ 273,691	\$ 10,942,493	\$ 296,353
Accrued workers' compensation, current portion	169,650		177,150	
Accrued vacation costs, current portion	2,561,485		2,395,061	
Revenue bonds and notes payable, current portion	6,436,306	2,542,288	6,253,358	3,316,597
Unearned revenues	5,235,148	188,439	5,380,055	228,564
<b>Total current liabilities</b>	<b>26,369,165</b>	<b>3,004,418</b>	<b>25,148,117</b>	<b>3,841,514</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	961,350		1,003,850	
Accrued vacation costs	2,512,633		2,356,348	
Endowments invested on behalf of primary government		3,548,142		1,500,315
Other payables		2,220,664		2,530,103
Revenue bonds and notes payable	91,461,743	5,503,250	96,181,531	5,641,276
Net pension liability	45,943,218		49,865,963	
<b>Total noncurrent liabilities</b>	<b>140,878,944</b>	<b>11,272,056</b>	<b>149,407,692</b>	<b>9,671,694</b>
<b>Total liabilities</b>	<b>167,248,109</b>	<b>14,276,474</b>	<b>174,555,809</b>	<b>13,513,208</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>26,790,443</b>		<b>26,067,444</b>	
<b>NET POSITION</b>				
Unrestricted	74,397,067	8,286,362	73,502,893	6,951,349
Net investment in capital assets	342,523,636		336,721,937	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		12,735,417		12,373,739
Research		324,725		324,725
Other		15,070,237		14,329,312
Expendable:				
Scholarships and fellowships		11,937,918		10,426,212
Research		1,567,310		768,181
Loans	877,869		1,077,537	
Other		29,524,511		30,914,665
<b>Total net position</b>	<b>417,798,572</b>	<b>79,446,480</b>	<b>411,302,367</b>	<b>76,088,183</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 611,837,124</b>	<b>\$ 93,722,954</b>	<b>\$ 611,925,620</b>	<b>\$ 89,601,391</b>

**SALISBURY UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 75,604,291		\$ 75,243,013	
Less: scholarship allowances	<u>(18,764,133)</u>		<u>(16,675,565)</u>	
Federal grants and contracts	\$ 56,840,158		\$ 58,567,448	
State and local grants and contracts	1,375,165		1,802,343	
Nongovernmental grants and contracts	3,317,527		2,982,046	
Sales and services of educational departments	420,208		436,477	
Auxiliary enterprises:				
Residential facilities	29,029,743		28,605,650	
Less: scholarship allowances	<u>(737,830)</u>	28,291,913	<u>(667,467)</u>	27,938,183
Dining facilities	16,013,668		15,805,533	
Less: scholarship allowances	<u>(13,610)</u>	16,000,058	<u>(8,480)</u>	15,797,053
Intercollegiate athletics	6,622,908		6,650,678	
Bookstore	4,189,147		4,454,680	
Parking facilities	612,007		633,451	
Other auxiliary enterprises revenues	3,527,671		3,186,383	
Less: scholarship allowances	<u>(3,724)</u>	<u>3,523,947</u>		
<b>Total operating revenues</b>		<u>121,410,865</u>		<u>122,762,532</u>
<b>OPERATING EXPENSES:</b>				
Instruction		58,576,883		56,030,320
Research		1,460,229		1,336,626
Public service		6,439,694		6,492,600
Academic support		16,816,540		13,935,082
Student services		8,339,606		7,822,637
Institutional support		18,078,726		17,583,261
Operation and maintenance of plant		22,334,726		26,021,835
Scholarships and fellowships		233,211		47,409
Auxiliary enterprises:				
Residential facilities		14,079,932		13,062,613
Dining facilities		13,760,178		12,729,630
Intercollegiate athletics		6,328,939		4,958,877
Bookstore		4,229,720		4,092,016
Parking facilities		1,043,607		733,695
Other auxiliary enterprises expenses		<u>2,301,920</u>		<u>2,555,873</u>
<b>Total operating expenses</b>		<u>174,023,911</u>		<u>167,402,474</u>
<b>Operating loss</b>		<u>(52,613,046)</u>		<u>(44,639,942)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		53,730,307		50,480,319
Pell grants		8,958,876		7,958,278
Gifts			\$ 6,705,192	\$ 6,194,810
Investment income	2,111,065		6,832,161	2,054,508
Less: investment expense	<u>(4,567)</u>	2,106,498		7,404,353
Interest on indebtedness		(3,209,000)		(3,389,175)
Other revenues, (expenses), gains and (losses)		(236,682)		(30,820)
Other affiliated foundation revenues			1,910,483	1,286,313
Other affiliated foundation expenses			(12,089,539)	(6,125,807)
Transfers (to) other University System of Maryland institutions		<u>(2,299,432)</u>		<u>(2,190,859)</u>
<b>Total nonoperating revenues</b>		<u>59,050,567</u>	<u>3,358,297</u>	<u>54,882,251</u>
<b>Income before other revenues</b>		<u>6,437,521</u>	<u>3,358,297</u>	<u>10,242,309</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		59		3,518,502
Capital gifts and grants		<u>58,625</u>		<u>419,332</u>
<b>Total other revenues</b>		<u>58,684</u>		<u>3,937,834</u>
<b>Increase in net position</b>		6,496,205	3,358,297	14,180,143
<b>Net position - beginning of year</b>		<u>411,302,367</u>	<u>76,088,183</u>	<u>397,122,224</u>
<b>Net position - end of year</b>		<u>\$ 417,798,572</u>	<u>\$ 79,446,480</u>	<u>\$ 411,302,367</u>
			<u>\$ 76,088,183</u>	

**SALISBURY UNIVERSITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 56,799,181	\$ 57,769,117
Research contracts and grants	4,951,140	5,632,001
Payments to employees	(114,547,135)	(111,104,679)
Payments to suppliers and contractors	(37,515,028)	(38,050,170)
Loans issued to students	(35,750)	(114,200)
Collection of loans to students	217,055	247,995
Auxiliary enterprises:		
Residential facilities	26,529,724	26,197,151
Dining facilities	16,016,957	15,835,693
Intercollegiate athletics	6,623,399	6,650,307
Bookstores	4,189,831	4,453,996
Parking facilities	612,007	633,451
Other	3,503,041	3,190,973
Other receipts	428,342	334,967
<b>Net cash provided (used) by operating activities</b>	<u>(32,227,236)</u>	<u>(28,323,398)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	53,730,307	50,480,319
Pell grants	8,958,876	7,958,278
<b>Net cash provided by noncapital financing activities</b>	<u>62,689,183</u>	<u>58,438,597</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	1,326,966	1,969,674
Capital appropriations	59	3,518,502
Purchases of capital assets	(17,084,484)	(31,086,454)
Principal paid on debt and capital leases	(5,896,929)	(6,605,306)
Interest paid on debt and capital leases	(3,670,857)	(3,740,630)
Transfers (to) from other University System of Maryland institutions	(1,295,745)	9,886,646
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(26,620,990)</u>	<u>(26,057,568)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	68,746	
Interest on investments	1,980,190	1,980,849
Investment expense	(4,567)	
Purchases of investments	(1,985,698)	
<b>Net cash provided by investing activities</b>	<u>58,671</u>	<u>1,980,849</u>
<b>Net increase in cash and cash equivalents</b>	3,899,628	6,038,480
<b>Cash and cash equivalents - beginning of year</b>	<u>117,975,360</u>	<u>111,936,880</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 121,874,988</u>	<u>\$ 117,975,360</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 365,223,985		\$ 351,971,889	
Accounts receivable, net	34,947,407	\$ 61,239	28,611,009	\$ 90,967
Notes receivable, current portion, net	85,911		91,273	
Inventories	40,642		69,904	
Prepaid expenses and other	9,268,844		4,882,894	
Inter-institutional balances	44,052		689,924	
<b>Total current assets</b>	<u>409,610,841</u>	<u>61,239</u>	<u>386,316,893</u>	<u>90,967</u>
<b>Noncurrent assets:</b>				
Accounts receivable, net		433,626		364,418
Endowment investments	9,744,535	18,094,887	3,953,774	17,060,662
Other investments	3,778,842	13,374,618		7,985,479
Notes receivable, net	1,552,672		1,558,746	
Capital assets, net	138,639,467	7,199,081	147,322,223	6,573,691
<b>Total noncurrent assets</b>	<u>153,715,516</u>	<u>39,102,212</u>	<u>152,834,743</u>	<u>31,984,250</u>
<b>Total assets</b>	<u>563,326,357</u>	<u>39,163,451</u>	<u>539,151,636</u>	<u>32,075,217</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>16,474,676</u>		<u>21,009,704</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$ 579,801,033</u>	<u>\$ 39,163,451</u>	<u>\$ 560,161,340</u>	<u>\$ 32,075,217</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 24,192,907	\$ 120	\$ 14,892,864	\$ 120
Accrued workers' compensation, current portion	131,850		147,600	
Accrued vacation costs, current portion	7,522,684		8,317,692	
Unearned revenues	48,279,956		42,744,695	
<b>Total current liabilities</b>	<u>80,127,397</u>	<u>120</u>	<u>66,102,851</u>	<u>120</u>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	747,150		836,400	
Accrued vacation costs	5,816,731		6,345,095	
Endowments invested on behalf of primary government		9,744,535		3,953,774
Net pension liability	38,914,690		42,464,310	
<b>Total noncurrent liabilities</b>	<u>45,478,571</u>	<u>9,744,535</u>	<u>49,645,805</u>	<u>3,953,774</u>
<b>Total liabilities</b>	<u>125,605,968</u>	<u>9,744,655</u>	<u>115,748,656</u>	<u>3,953,894</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>4,573,441</u>		<u>2,325,817</u>	
<b>NET POSITION</b>				
Unrestricted	309,189,787	5,214,028	293,034,019	5,123,043
Net investment in capital assets	138,639,467		147,322,223	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	29,423	10,449,522	29,423	9,543,249
Research		207,177		200,415
Other		7,189,160		6,733,661
Expendable				
Scholarships and fellowships	45,825	1,461,895	44,041	1,479,738
Research		1,466,406		1,453,543
Loans	1,717,122		1,657,161	
Other		3,430,608		3,587,674
<b>Total net position</b>	<u>449,621,624</u>	<u>29,418,796</u>	<u>442,086,867</u>	<u>28,121,323</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 579,801,033</u>	<u>\$ 39,163,451</u>	<u>\$ 560,161,340</u>	<u>\$ 32,075,217</u>

**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>		<b>2017</b>	
	<b>Institution</b>	<b>Component Units</b>	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 351,953,045		\$ 324,341,155	
Less: scholarship allowances	<u>(37,888,797)</u>	\$ 314,064,248	<u>(33,397,254)</u>	\$ 290,943,901
Federal grants and contracts		1,232,822		864,048
State and local grants and contracts		3,377,789		2,826,772
Nongovernmental grants and contracts		1,578,958		1,509,001
Sales and services of educational departments		225,361		573,749
Auxiliary enterprises:				
Residential facilities		57,650		48,450
Bookstore		13,198		47,582
Parking facilities		799		725
Other operating revenues		<u>19,145,988</u>		<u>22,132,454</u>
<b>Total operating revenues</b>		<u>339,696,813</u>		<u>318,946,682</u>
<b>OPERATING EXPENSES:</b>				
Instruction		106,902,081		101,169,028
Public service		16,279,595		17,521,561
Academic support		54,181,417		50,386,453
Student services		105,220,610		87,604,862
Institutional support		91,119,565		85,677,208
Operation and maintenance of plant		18,968,460		17,926,176
Scholarships and fellowships		30,527,632		26,801,529
Auxiliary enterprises:				
Residential facilities		63,163		53,057
Bookstore		8,034		318,272
Parking facilities		<u>105,917</u>		<u>138,301</u>
<b>Total operating expenses</b>		<u>423,376,474</u>		<u>387,596,447</u>
<b>Operating loss</b>		<u>(83,679,661)</u>		<u>(68,649,765)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		43,227,983		40,868,394
Pell grants		41,600,801		37,242,592
Gifts		427,520	\$ 1,236,394	\$ 827,022
Investment income	6,235,867		1,613,477	3,027,680
Less: investment expense	<u>(12,256)</u>	6,223,611	<u>(519)</u>	5,449,008
Other revenues, (expenses), gains and (losses)		87,625		(301,539)
Other affiliated foundation revenues			95,533	139,594
Other affiliated foundation expenses			(1,647,931)	(1,762,143)
Transfers (to) other University System of Maryland institutions		<u>(353,122)</u>		<u>(178,015)</u>
<b>Total nonoperating revenues</b>		<u>91,214,418</u>	<u>1,297,473</u>	<u>83,080,440</u>
<b>Increase in net position</b>		7,534,757	1,297,473	14,430,675
<b>Net position - beginning of year</b>		<u>442,086,867</u>	<u>28,121,323</u>	<u>427,656,192</u>
<b>Net position - end of year</b>		<u>\$ 449,621,624</u>	<u>\$ 29,418,796</u>	<u>\$ 442,086,867</u>



**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 310,145,494	\$ 299,278,204
Research contracts and grants	9,107,530	4,507,847
Payments to employees	(242,961,255)	(237,574,539)
Payments to suppliers and contractors	(165,879,579)	(143,024,498)
Loans issued to students	(44,000)	(69,492)
Collection of loans to students	55,436	93,398
Auxiliary enterprises:		
Residential facilities	57,650	48,450
Bookstores	13,198	47,582
Parking facilities	799	725
Other receipts	<u>23,017,469</u>	<u>20,623,151</u>
<b>Net cash provided (used) by operating activities</b>	<u>(66,487,258)</u>	<u>(56,069,172)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	43,227,983	40,868,394
Pell grants	<u>41,600,801</u>	<u>37,242,592</u>
<b>Net cash provided by noncapital financing activities</b>	<u>84,828,784</u>	<u>78,110,986</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sales of capital assets	295,473	323,515
Purchases of capital assets	(2,331,661)	(8,672,378)
Transfers from other University System of Maryland institutions	<u>292,750</u>	<u>156,555</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,743,438)</u>	<u>(8,192,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	19,395	8,826,280
Interest on investments	5,887,894	5,244,835
Investment expense	(12,256)	(519)
Purchases of investments	<u>(9,241,025)</u>	<u></u>
<b>Net cash provided (used) by investing activities</b>	<u>(3,345,992)</u>	<u>14,070,596</u>
<b>Net increase in cash and cash equivalents</b>	13,252,096	27,920,102
<b>Cash and cash equivalents - beginning of year</b>	<u>351,971,889</u>	<u>324,051,787</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 365,223,985</u>	<u>\$ 351,971,889</u>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**BALANCE SHEETS**  
**JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 148,636,681	\$ 594,760	\$ 132,263,170	\$ 877,154
Accounts receivable, net	15,082,683	1,556,128	15,191,447	3,633,572
Notes receivable, current portion, net	519,298		314,069	
Inventories	695,109		867,178	
Prepaid expenses and other	397,426	114,305	311,577	103,958
Inter-institutional balances	(1,020,056)		(638,438)	
<b>Total current assets</b>	<b>164,311,141</b>	<b>2,265,193</b>	<b>148,309,003</b>	<b>4,614,684</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents			124,395	
Accounts receivable, net		8,999,831		8,490,868
Endowment investments	9,242,973	95,958,976	5,127,973	86,881,022
Other investments		33,028,590		27,478,982
Notes receivable, net	1,543,387		1,624,626	
Capital assets, net	606,190,088	2,765,831	559,555,367	2,982,859
<b>Total noncurrent assets</b>	<b>616,976,448</b>	<b>140,753,228</b>	<b>566,432,361</b>	<b>125,833,731</b>
<b>Total assets</b>	<b>781,287,589</b>	<b>143,018,421</b>	<b>714,741,364</b>	<b>130,448,415</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>48,800,177</b>		<b>59,990,706</b>	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 830,087,766</b>	<b>\$ 143,018,421</b>	<b>\$ 774,732,070</b>	<b>\$ 130,448,415</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 18,131,273	\$ 54,730	\$ 16,232,767	\$ 100,565
Accrued workers' compensation, current portion	172,650		172,350	
Accrued vacation costs, current portion	8,731,409		8,416,104	
Revenue bonds and notes payable, current portion	10,087,988	58,935	9,384,410	57,661
Unearned revenues	10,198,038	5,846,742	9,605,808	6,099,902
<b>Total current liabilities</b>	<b>47,321,358</b>	<b>5,960,407</b>	<b>43,811,439</b>	<b>6,258,128</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	978,350		976,650	
Accrued vacation costs	4,995,176		5,080,931	
Endowments invested on behalf of primary government		9,242,973		5,127,973
Revenue bonds and notes payable	143,301,000	44,627	125,636,990	101,859
Net pension liability	110,951,109		119,513,182	
<b>Total noncurrent liabilities</b>	<b>260,225,635</b>	<b>9,287,600</b>	<b>251,207,753</b>	<b>5,229,832</b>
<b>Total liabilities</b>	<b>307,546,993</b>	<b>15,248,007</b>	<b>295,019,192</b>	<b>11,487,960</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>42,574,655</b>		<b>38,950,328</b>	
<b>NET POSITION</b>				
Unrestricted	53,916,443	29,154,267	44,532,487	28,132,687
Net investment in capital assets	423,829,175		394,036,499	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	130,474	42,590,383	130,474	37,234,360
Research		844,416		781,948
Other		29,301,732		26,272,347
Expendable				
Scholarships and fellowships		5,949,650		6,022,268
Research		5,968,008		5,915,659
Loans	2,090,026		1,938,695	
Capital projects			124,395	
Other		13,961,958		14,601,186
<b>Total net position</b>	<b>479,966,118</b>	<b>127,770,414</b>	<b>440,762,550</b>	<b>118,960,455</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 830,087,766</b>	<b>\$ 143,018,421</b>	<b>\$ 774,732,070</b>	<b>\$ 130,448,415</b>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$ 132,306,929		\$ 127,999,710	
Less: scholarship allowances	<u>(20,126,014)</u>	\$ 112,180,915	<u>(16,364,100)</u>	\$ 111,635,610
Federal grants and contracts		39,888,152		42,271,852
State and local grants and contracts		36,741,352		29,566,085
Nongovernmental grants and contracts		12,513,712		17,194,471
Sales and services of educational departments		3,226,643		3,928,534
Auxiliary enterprises:				
Residential facilities	27,749,265		27,335,401	
Less: scholarship allowances	<u>(5,878,626)</u>	21,870,639	<u>(5,753,842)</u>	21,581,559
Dining facilities	14,173,896		13,941,434	
Less: scholarship allowances	<u>(2,578,610)</u>	11,595,286	<u>(2,711,934)</u>	11,229,500
Intercollegiate athletics		12,805,792		13,053,900
Bookstore	4,397,667		5,044,395	
Less: scholarship allowances	<u>(1,134)</u>	4,396,533	<u>(801)</u>	5,043,594
Parking facilities		941,547		1,952,358
Other auxiliary enterprises revenues		20,205,783		17,552,471
Other operating revenues		<u>16,586,974</u>		<u>14,342,145</u>
<b>Total operating revenues</b>		<u>292,953,328</u>		<u>289,352,079</u>
<b>OPERATING EXPENSES:</b>				
Instruction		123,474,794		118,060,898
Research		63,856,219		65,944,274
Public service		22,776,011		19,343,135
Academic support		24,251,095		23,867,384
Student services		21,957,320		18,981,281
Institutional support		37,578,775		40,784,325
Operation and maintenance of plant		33,845,474		31,617,597
Scholarships and fellowships		27,260,807		23,048,436
Auxiliary enterprises:				
Residential facilities		21,501,307		20,707,252
Dining facilities		11,848,464		11,488,246
Intercollegiate athletics		11,120,246		10,164,500
Bookstore		4,354,900		5,019,589
Parking facilities		1,148,863		922,214
Other auxiliary enterprises expenses		<u>12,599,023</u>		<u>10,135,356</u>
<b>Total operating expenses</b>		<u>417,573,298</u>		<u>400,084,487</u>
<b>Operating loss</b>		<u>(124,619,970)</u>		<u>(110,732,408)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations		121,297,503		115,585,963
Pell grants		15,899,394		14,152,695
Gifts		3,275	\$ 8,727,160	\$ 8,849,336
Investment income	2,924,635		9,043,519	8,610,848
Less: investment expense	<u>(17,130)</u>	2,907,505	<u>(6,106)</u>	2,675,064
Interest on indebtedness		(3,227,702)		(3,712,948)
Other revenues, (expenses), gains and (losses)		(366,810)		(276,927)
Other affiliated foundation revenues			3,071,112	2,817,845
Other affiliated foundation expenses			(12,031,832)	(11,748,319)
Transfers (to) other University System of Maryland institutions		<u>(5,189,401)</u>		<u>(1,987,650)</u>
<b>Total nonoperating revenues</b>		<u>131,323,764</u>	<u>8,809,959</u>	<u>126,440,122</u>
<b>Income before other revenues</b>		<u>6,703,794</u>	<u>8,809,959</u>	<u>15,707,714</u>
<b>OTHER REVENUES:</b>				
Capital appropriations		32,499,774		4,243,495
Capital gifts and grants				<u>2,074,331</u>
<b>Total other revenues</b>		<u>32,499,774</u>		<u>6,317,826</u>
<b>Increase in net position</b>		39,203,568	8,809,959	22,025,540
<b>Net position - beginning of year</b>		<u>440,762,550</u>	<u>118,960,455</u>	<u>418,737,010</u>
<b>Net position - end of year</b>		<u>\$ 479,966,118</u>	<u>\$ 127,770,414</u>	<u>\$ 440,762,550</u>

**UNIVERSITY MARYLAND, BALTIMORE COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 113,632,728	\$ 111,479,163
Research contracts and grants	88,895,998	90,546,855
Payments to employees	(251,288,012)	(256,725,357)
Payments to suppliers and contractors	(134,371,743)	(133,682,525)
Loans issued to students	(345,372)	(383,977)
Collection of loans to students	221,382	268,654
Auxiliary enterprises:		
Residential facilities	19,957,083	19,732,177
Dining facilities	11,533,590	11,202,341
Intercollegiate athletics	12,737,655	13,023,958
Bookstores	4,362,599	5,031,396
Parking facilities	930,727	1,947,636
Other	20,114,623	17,510,020
Other receipts	<u>20,525,994</u>	<u>18,603,611</u>
<b>Net cash provided (used) by operating activities</b>	<u>(93,092,748)</u>	<u>(101,446,048)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	121,297,503	115,585,963
Pell grants	<u>15,899,394</u>	<u>14,152,695</u>
<b>Net cash provided by noncapital financing activities</b>	<u>137,196,897</u>	<u>129,738,658</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	6,699,020	30,814,444
Capital appropriations	32,499,774	4,243,495
Purchases of capital assets	(70,086,589)	(55,116,159)
Principal paid on debt and capital leases	(10,666,841)	(16,144,523)
Interest paid on debt and capital leases	(3,863,738)	(4,346,820)
Transfers from other University System of Maryland institutions	<u>18,770,836</u>	<u>3,893,965</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(26,647,538)</u>	<u>(36,655,598)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	205,099	105,676
Interest on investments	2,487,203	2,300,554
Investment expense	(17,130)	(6,106)
Purchases of investments	<u>(3,882,667)</u>	<u></u>
<b>Net cash provided (used) by investing activities</b>	<u>(1,207,495)</u>	<u>2,400,124</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	16,249,116	(5,962,864)
<b>Cash and cash equivalents - beginning of year</b>	<u>132,387,565</u>	<u>138,350,429</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 148,636,681</u>	<u>\$ 132,387,565</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	2018		2017	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 16,191,841		\$ 16,695,420	
Accounts receivable, net	4,480,755	\$ 3,393	3,925,233	\$ 1,124
Inter-institutional balances	12,659		(119,383)	
<b>Total current assets</b>	<b>20,685,255</b>	<b>3,393</b>	<b>20,501,270</b>	<b>1,124</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents			6,556	
Endowment investments	396,122	2,873,479	396,195	2,486,899
Other investments		2,887,170		2,495,324
Capital assets, net	79,236,147	3,139	79,740,796	2,718
<b>Total noncurrent assets</b>	<b>79,632,269</b>	<b>5,763,788</b>	<b>80,143,547</b>	<b>4,984,941</b>
<b>Total assets</b>	<b>100,317,524</b>	<b>5,767,181</b>	<b>100,644,817</b>	<b>4,986,065</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	4,749,334		5,572,658	
<b>Total assets and deferred outflows of resources</b>	<b>\$ 105,066,858</b>	<b>\$ 5,767,181</b>	<b>\$ 106,217,475</b>	<b>\$ 4,986,065</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 919,064		\$ 1,006,545	
Accrued workers' compensation, current portion	10,950		14,250	
Accrued vacation costs, current portion	1,602,521		643,656	
Revenue bonds and notes payable, current portion	686,199		1,048,187	
Unearned revenues	149,813	\$ 336,790	487,194	\$ 272,423
<b>Total current liabilities</b>	<b>3,368,547</b>	<b>336,790</b>	<b>3,199,832</b>	<b>272,423</b>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	62,050		80,750	
Accrued vacation costs	1,423,895		2,350,094	
Endowments invested on behalf of primary government		396,122		396,195
Revenue bonds and notes payable	5,838,781		5,972,918	
Net pension liability	10,336,097		10,970,439	
<b>Total noncurrent liabilities</b>	<b>17,660,823</b>	<b>396,122</b>	<b>19,374,201</b>	<b>396,195</b>
<b>Total liabilities</b>	<b>21,029,370</b>	<b>732,912</b>	<b>22,574,033</b>	<b>668,618</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	954,399		552,733	
<b>NET POSITION</b>				
Unrestricted	10,289,359	777,095	10,265,815	763,535
Net investment in capital assets	72,793,730		72,818,338	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		1,938,251		1,495,881
Research		38,429		31,415
Other		1,333,496		1,055,485
Expendable:				
Scholarships and fellowships		217,712		220,369
Research		218,384		216,468
Capital projects			6,556	
Other		510,902		534,294
<b>Total net position</b>	<b>83,083,089</b>	<b>5,034,269</b>	<b>83,090,709</b>	<b>4,317,447</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 105,066,858</b>	<b>\$ 5,767,181</b>	<b>\$ 106,217,475</b>	<b>\$ 4,986,065</b>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<b>2018</b>		<b>2017</b>	
	<b>Institution</b>	<b>Component Units</b>	<b>Institution</b>	<b>Component Units</b>
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$ 14,097,519		\$ 14,660,114	
State and local grants and contracts	4,193,556		3,117,989	
Nongovernmental grants and contracts	4,970,198		5,661,850	
Sales and services of educational departments	<u>3,078,179</u>		<u>3,700,196</u>	
<b>Total operating revenues</b>	<u>26,339,452</u>		<u>27,140,149</u>	
<b>OPERATING EXPENSES:</b>				
Research	51,021,012		47,321,597	
Operation and maintenance of plant	<u>488,861</u>		<u>415,407</u>	
<b>Total operating expenses</b>	<u>51,509,873</u>		<u>47,737,004</u>	
<b>Operating loss</b>	<u>(25,170,421)</u>		<u>(20,596,855)</u>	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	22,422,544		22,362,023	
Gifts		\$ 919,473		\$ 1,445,160
Investment income	369,030	297,802	292,623	(417,292)
Interest on indebtedness	(177,881)		(204,208)	
Other affiliated foundation revenues		2,803		12,944
Other affiliated foundation expenses		(503,256)		(584,255)
Transfers from other University System of Maryland institutions	<u>607,276</u>		<u>591,976</u>	
<b>Total nonoperating revenues</b>	<u>23,220,969</u>	<u>716,822</u>	<u>23,042,414</u>	<u>456,557</u>
<b>Income (loss) before other revenues</b>	<u>(1,949,452)</u>	<u>716,822</u>	<u>2,445,559</u>	<u>456,557</u>
<b>OTHER REVENUES:</b>				
Capital appropriations	<u>1,941,832</u>		<u>1,033,168</u>	
<b>Total other revenues</b>	<u>1,941,832</u>		<u>1,033,168</u>	
<b>Increase (decrease) in net position</b>	(7,620)	716,822	3,478,727	456,557
<b>Net position - beginning of year</b>	<u>83,090,709</u>	<u>4,317,447</u>	<u>79,611,982</u>	<u>3,860,890</u>
<b>Net position - end of year</b>	<u>\$ 83,083,089</u>	<u>\$ 5,034,269</u>	<u>\$ 83,090,709</u>	<u>\$ 4,317,447</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Research contracts and grants	\$ 22,368,370	\$ 23,901,821
Payments to employees	(30,470,458)	(31,232,340)
Payments to suppliers and contractors	(16,833,765)	(14,222,103)
Other receipts	<u>3,114,913</u>	<u>4,142,770</u>
<b>Net cash provided (used) by operating activities</b>	<u>(21,820,940)</u>	<u>(17,409,852)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	<u>22,422,544</u>	<u>22,362,023</u>
<b>Net cash provided by noncapital financing activities</b>	<u>22,422,544</u>	<u>22,362,023</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	114,502	223,295
Capital appropriations	1,941,832	1,033,168
Purchases of capital assets	(3,241,538)	(5,716,533)
Principal paid on debt and capital leases	(1,074,955)	(1,488,326)
Interest paid on debt and capital leases	(209,124)	(235,091)
Transfers from other University System of Maryland institutions	<u>988,441</u>	<u>943,532</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,480,842)</u>	<u>(5,239,955)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	16,948	
Interest on investments	<u>352,155</u>	<u>273,172</u>
<b>Net cash provided by investing activities</b>	<u>369,103</u>	<u>273,172</u>
<b>Net (decrease) in cash and cash equivalents</b>	(510,135)	(14,612)
<b>Cash and cash equivalents - beginning of year</b>	<u>16,701,976</u>	<u>16,716,588</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 16,191,841</u>	<u>\$ 16,701,976</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
BALANCE SHEETS  
JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 219,329,235	\$ 156,834	\$ 202,834,024	
Accounts receivable, net	2,116,000	242,186	5,836,387	\$ 506,253
Prepaid expenses and other		46,052		203,270
Inter-institutional balances	<u>29,412,824</u>		<u>5,533,651</u>	
<b>Total current assets</b>	<u>250,858,059</u>	<u>445,072</u>	<u>214,204,062</u>	<u>709,523</u>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	93,361,909		98,397,497	
Accounts receivable, net		388,958		810,151
Endowment investments	23,633,051	16,898,666	20,469,227	15,482,452
Other investments	396,250	117,641,078		101,618,248
Other assets		467,000		435,000
Capital assets, net	<u>177,920,785</u>	<u>4,385,682</u>	<u>124,516,833</u>	<u>4,409,770</u>
<b>Total noncurrent assets</b>	<u>295,311,995</u>	<u>139,781,384</u>	<u>243,383,557</u>	<u>122,755,621</u>
<b>Total assets</b>	<u>546,170,054</u>	<u>140,226,456</u>	<u>457,587,619</u>	<u>123,465,144</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,529,259</u>		<u>6,565,776</u>	
<b>Total assets and deferred outflows of resources</b>	<u>\$ 551,699,313</u>	<u>\$ 140,226,456</u>	<u>\$ 464,153,395</u>	<u>\$ 123,465,144</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 5,031,783	\$ 4,026,125	\$ 9,917,870	\$ 3,349,379
Accrued workers' compensation, current portion	10,650		10,500	
Accrued vacation costs, current portion	780,132		653,928	
Revenue bonds and notes payable, current portion	5,573,218		4,814,016	
Unearned revenues		516,882		423,037
<b>Total current liabilities</b>	<u>11,395,783</u>	<u>4,543,007</u>	<u>15,396,314</u>	<u>3,772,416</u>
<b>Noncurrent liabilities:</b>				
Accrued workers' compensation	60,350		59,500	
Accrued vacation costs	863,844		1,098,318	
Endowments invested on behalf of primary government		23,633,051		20,469,227
Other payables		80,385,927		70,124,399
Revenue bonds and notes payable	104,384,275		103,566,210	
Net pension liability	<u>9,175,567</u>		<u>9,806,072</u>	
<b>Total noncurrent liabilities</b>	<u>114,484,036</u>	<u>104,018,978</u>	<u>114,530,100</u>	<u>90,593,626</u>
<b>Total liabilities</b>	<u>125,879,819</u>	<u>108,561,985</u>	<u>129,926,414</u>	<u>94,366,042</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>824,522</u>		<u>425,286</u>	
<b>NET POSITION</b>				
Unrestricted	261,913,329	4,173,037	225,877,898	4,079,428
Net investment in capital assets	160,078,587		102,289,934	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	347,604	13,085,678	347,604	11,465,254
Research		259,442		240,778
Other	471,330	9,002,808	471,330	8,089,814
Expendable				
Scholarships and fellowships		1,182,478		1,185,394
Research		1,186,125		1,164,409
Capital projects	2,184,122		4,814,929	
Other		<u>2,774,903</u>		<u>2,874,025</u>
<b>Total net position</b>	<u>424,994,972</u>	<u>31,664,471</u>	<u>333,801,695</u>	<u>29,099,102</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 551,699,313</u>	<u>\$ 140,226,456</u>	<u>\$ 464,153,395</u>	<u>\$ 123,465,144</u>



**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>		<u>2017</u>	
	<u>Institution</u>	<u>Component Units</u>	<u>Institution</u>	<u>Component Units</u>
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$ 1,340,764		\$ 1,714,780	
Nongovernmental grants and contracts	88,673		107,065	
Other operating revenues	<u>825,627</u>		<u>513,522</u>	
<b>Total operating revenues</b>	<u>2,255,064</u>		<u>2,335,367</u>	
<b>OPERATING EXPENSES:</b>				
Academic support	4,443,960		4,797,864	
Institutional support	<u>18,925,660</u>		<u>18,249,536</u>	
<b>Total operating expenses</b>	<u>23,369,620</u>		<u>23,047,400</u>	
<b>Operating loss</b>	<u>(21,114,556)</u>		<u>(20,712,033)</u>	
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	26,497,357		25,465,916	
Gifts		\$ 1,212,703		\$ 1,878,558
Investment income	\$ 5,561,231	3,789,804	\$ 5,014,561	9,454,051
Less: investment expense	<u>(49,261)</u>		<u>(33,680)</u>	
Interest on indebtedness	5,511,970		4,980,881	
Other revenues, (expenses), gains and (losses)	<u>(5,293,035)</u>		<u>(4,784,659)</u>	
Other affiliated foundation revenues	293,196		2,072,310	
Other affiliated foundation expenses		4,356,753		3,087,781
Transfers from other University System of Maryland institutions	<u>(6,793,891)</u>		<u>(5,863,976)</u>	
<b>Total nonoperating revenues</b>	<u>30,611,538</u>		<u>8,514,396</u>	
<b>Income before other revenues</b>	<u>57,621,026</u>	<u>2,565,369</u>	<u>36,248,844</u>	<u>8,556,414</u>
<b>Total nonoperating revenues</b>	<u>36,506,470</u>	<u>2,565,369</u>	<u>15,536,811</u>	<u>8,556,414</u>
<b>OTHER REVENUES:</b>				
Capital appropriations	53,247,239		20,757,189	
Capital gifts and grants	<u>1,439,568</u>		<u>1,158,146</u>	
<b>Total other revenues</b>	<u>54,686,807</u>		<u>21,915,335</u>	
<b>Increase in net position</b>	91,193,277	2,565,369	37,452,146	8,556,414
<b>Net position - beginning of year</b>	<u>333,801,695</u>	<u>29,099,102</u>	<u>296,349,549</u>	<u>20,542,688</u>
<b>Net position - end of year</b>	<u>\$ 424,994,972</u>	<u>\$ 31,664,471</u>	<u>\$ 333,801,695</u>	<u>\$ 29,099,102</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Research contracts and grants	\$ 1,613,201	\$ 1,583,371
Payments to employees	(15,858,352)	(16,936,801)
Payments to suppliers and contractors	(5,426,430)	(4,300,661)
Other receipts	3,337,401	3,054,193
<b>Net cash provided (used) by operating activities</b>	<u>(16,334,180)</u>	<u>(16,599,898)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	<u>26,497,357</u>	<u>25,465,916</u>
<b>Net cash provided by noncapital financing activities</b>	<u>26,497,357</u>	<u>25,465,916</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of capital debt	93,525,015	73,980,191
Capital appropriations	53,247,239	20,084,742
Purchases of capital assets	(56,616,434)	(17,627,657)
Principal paid on debt and capital leases	(18,882,447)	(4,456,792)
Interest paid on debt and capital leases	(5,663,099)	(5,374,694)
Transfers (to) other University System of Maryland institutions	<u>(66,014,477)</u>	<u>(39,916,990)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(404,203)</u>	<u>26,688,800</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	339,512	357,374
Interest on investments	4,325,739	3,600,135
Investment expense	(49,261)	(33,680)
Purchases of investments	<u>(2,915,341)</u>	<u></u>
<b>Net cash provided by investing activities</b>	<u>1,700,649</u>	<u>3,923,829</u>
<b>Net increase in cash and cash equivalents</b>	11,459,623	39,478,647
<b>Cash and cash equivalents - beginning of year</b>	<u>301,231,521</u>	<u>261,752,874</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 312,691,144</u>	<u>\$ 301,231,521</u>

**UNIVERSITY SYSTEM OF MARYLAND**  
**COMBINING BALANCE SHEETS, NONMAJOR COMPONENT UNITS**  
**JUNE 30, 2018**

	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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	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.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
<b>ASSETS</b>																	
<b>Current Assets</b>																	
Cash	\$ 2,629,742	\$ 19,446	\$ 1,337,325	\$ 190,484	\$ 710,391	\$ 2,791,108	\$ 264,875	\$ 90,242	\$ 402,626	\$ 2,834,881	\$ 9,081,729	\$ 1,456,294	\$ 126,297	\$ 355,326	\$ 172,634	\$ 594,760	\$ 23,058,160
Accounts receivable, net	4,000		106,382		289,354	97,245	384,563	11,586	128,085	894,540	4,579,863	2,212,747	382,842	96,371	77,085	103,505	9,368,168
Other assets	189,885	28,153	4,716			342,054	31,762		23,842	5,870		23,818	57,203	15,403		97,857	820,563
<b>Total current assets</b>	<b>2,823,627</b>	<b>47,599</b>	<b>1,448,423</b>	<b>190,484</b>	<b>999,745</b>	<b>3,230,407</b>	<b>681,200</b>	<b>101,828</b>	<b>554,553</b>	<b>3,735,291</b>	<b>13,661,592</b>	<b>3,692,859</b>	<b>566,342</b>	<b>467,100</b>	<b>249,719</b>	<b>796,122</b>	<b>33,246,891</b>
<b>Investments</b>																	
Endowment investments	658	2,776,126			8,329,087	74,963,982			23,148,833	8,228,199	49,001,471	68,083,674	45,739	5,366,810			239,944,579
Other investments			7,300,086				1,264		2,204,093		7,536,529	4,489,540				10,165,081	31,696,593
<b>Total investments</b>	<b>658</b>	<b>2,776,126</b>	<b>7,300,086</b>		<b>8,329,087</b>	<b>74,963,982</b>	<b>1,264</b>		<b>25,352,926</b>	<b>8,228,199</b>	<b>56,538,000</b>	<b>72,573,214</b>	<b>45,739</b>	<b>5,366,810</b>		<b>10,165,081</b>	<b>271,641,172</b>
<b>Noncurrent assets</b>																	
Accounts receivable, net						2,459,089			1,162,444			4,837,322					8,458,855
Capital assets, net						992		11,388,149	33,182	30,100	649,508	6,078,201	160,318	56,521	352	2,761,775	21,159,098
Other assets								39,718	347,673		61,593	2,163,802	57,015				2,669,801
<b>Total noncurrent assets</b>						<b>2,460,081</b>		<b>11,427,867</b>	<b>1,543,299</b>	<b>30,100</b>	<b>711,101</b>	<b>13,079,325</b>	<b>217,333</b>	<b>56,521</b>	<b>352</b>	<b>2,761,775</b>	<b>32,287,754</b>
<b>Total assets</b>	<b>\$ 2,824,285</b>	<b>\$ 2,823,725</b>	<b>\$ 8,748,509</b>	<b>\$ 190,484</b>	<b>\$ 9,328,832</b>	<b>\$ 80,654,470</b>	<b>\$ 682,464</b>	<b>\$ 11,529,695</b>	<b>\$ 27,450,778</b>	<b>\$ 11,993,590</b>	<b>\$ 70,910,693</b>	<b>\$ 89,345,398</b>	<b>\$ 829,414</b>	<b>\$ 5,890,431</b>	<b>\$ 250,071</b>	<b>\$ 13,722,978</b>	<b>\$ 337,175,817</b>
<b>LIABILITIES</b>																	
<b>Current liabilities</b>																	
Accounts payable & accrued expenses	\$ 7,811		\$ 723,428		\$ 35,356	\$ 613,676	\$ 166,608	\$ 516,946	\$ 22,118	\$ 68,471	\$ 494,154	\$ 911	\$ 272,780	\$ 99,062		\$ 41,966	\$ 3,063,287
Long-term debt, current								178,103				2,152,482	389,806			58,935	2,779,326
Unearned revenues									56,922		1,437,574	131,644	56,795		\$ 329,029	5,410,556	7,422,520
<b>Total current liabilities</b>	<b>7,811</b>		<b>723,428</b>		<b>35,356</b>	<b>613,676</b>	<b>166,608</b>	<b>695,049</b>	<b>79,040</b>	<b>68,471</b>	<b>1,931,728</b>	<b>2,285,037</b>	<b>719,381</b>	<b>99,062</b>	<b>329,029</b>	<b>5,511,457</b>	<b>13,265,133</b>
<b>Noncurrent liabilities</b>																	
Other payables										6,178		2,122,065	98,599				2,226,842
Long-term debt, noncurrent								12,460,012				5,233,341	269,909			44,627	18,007,889
<b>Total noncurrent liabilities</b>								<b>12,460,012</b>		<b>6,178</b>		<b>7,355,406</b>	<b>368,508</b>			<b>44,627</b>	<b>20,234,731</b>
<b>Total liabilities</b>	<b>7,811</b>		<b>723,428</b>		<b>35,356</b>	<b>613,676</b>	<b>166,608</b>	<b>13,155,061</b>	<b>79,040</b>	<b>74,649</b>	<b>1,931,728</b>	<b>9,640,443</b>	<b>1,087,889</b>	<b>99,062</b>	<b>329,029</b>	<b>5,556,084</b>	<b>33,499,864</b>
<b>NET ASSETS</b>																	
Unrestricted	2,410,521	\$ 2,823,725	8,025,081	\$ 93,634	635,194	3,131,282	490,856	(1,635,469)	637,774	184,837	6,505,084	8,447,065	(160,703)	3,067,821	(78,958)	8,166,894	42,744,638
Temporarily restricted:																	
Scholarships & fellowships						14,215,349			489,209		10,578,373	11,937,918					37,220,849
Research						32,694			3,536			1,567,310					1,603,540
Other	405,953			96,850	3,269,106	19,665,055	25,000	10,103	3,111,318	4,335,469	11,005,778	29,650,925	(126,414)	626,986			72,076,129
Permanently restricted:																	
Scholarships & fellowships					4,339,710	24,907,729			17,457,742		25,678,255	12,735,417					85,118,853
Research						124,062			52,138			324,725					500,925
Other					1,049,466	17,964,623			5,620,021	7,398,635	15,211,475	15,041,595	28,642	2,096,562			64,411,019
<b>Total net assets</b>	<b>2,816,474</b>	<b>2,823,725</b>	<b>8,025,081</b>	<b>190,484</b>	<b>9,293,476</b>	<b>80,040,794</b>	<b>515,856</b>	<b>(1,625,366)</b>	<b>27,371,738</b>	<b>11,918,941</b>	<b>68,978,965</b>	<b>79,704,955</b>	<b>(258,475)</b>	<b>5,791,369</b>	<b>(78,958)</b>	<b>8,166,894</b>	<b>303,675,953</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,824,285</b>	<b>\$ 2,823,725</b>	<b>\$ 8,748,509</b>	<b>\$ 190,484</b>	<b>\$ 9,328,832</b>	<b>\$ 80,654,470</b>	<b>\$ 682,464</b>	<b>\$ 11,529,695</b>	<b>\$ 27,450,778</b>	<b>\$ 11,993,590</b>	<b>\$ 70,910,693</b>	<b>\$ 89,345,398</b>	<b>\$ 829,414</b>	<b>\$ 5,890,431</b>	<b>\$ 250,071</b>	<b>\$ 13,722,978</b>	<b>\$ 337,175,817</b>

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**UNIVERSITY SYSTEM OF MARYLAND**  
**COMBINING BALANCE SHEETS, NONMAJOR COMPONENT UNITS**  
**JUNE 30, 2017**

	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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
<b>ASSETS</b>																	
<b>Current Assets</b>																	
Cash	\$ 2,148,553	\$ 80,726	\$ 1,702,823	\$ 85,913	\$ 472,665	\$ 4,925,068	\$ 153,284	\$ 30,915	\$ 647,446	\$ 1,841,804	\$ 9,810,517	\$ 297,861	\$ 41,867	\$ 273,704	\$ 211,476	\$ 877,154	\$ 23,601,776
Accounts receivable, net		745	620,593	4,510	929,109	61,771	319,865	12,664	87,011	307,592	5,123,423	1,612,297	431,910	17,018	138,769	190,371	9,857,648
Other assets	172,454		4,551	1,201		246,587	30,510		31,121	4,155		100,115	140,282	7,832	90,228	829,036	
<b>Total current assets</b>	<b>2,321,007</b>	<b>81,471</b>	<b>2,327,967</b>	<b>91,624</b>	<b>1,401,774</b>	<b>5,233,426</b>	<b>503,659</b>	<b>43,579</b>	<b>765,578</b>	<b>2,153,551</b>	<b>14,933,940</b>	<b>2,010,273</b>	<b>614,059</b>	<b>298,554</b>	<b>350,245</b>	<b>1,157,753</b>	<b>34,288,460</b>
<b>Investments</b>																	
Endowment investments	5,935	2,643,239			7,826,931	67,607,364			21,533,280	9,046,348	46,082,445	64,372,448	44,551	5,304,286			224,466,827
Other investments			6,882,459				25,083		1,806,730		6,065,764	4,425,763			9,169,370		28,375,169
<b>Total investments</b>	<b>5,935</b>	<b>2,643,239</b>	<b>6,882,459</b>		<b>7,826,931</b>	<b>67,607,364</b>	<b>25,083</b>		<b>23,340,010</b>	<b>9,046,348</b>	<b>52,148,209</b>	<b>68,798,211</b>	<b>44,551</b>	<b>5,304,286</b>		<b>9,169,370</b>	<b>252,841,996</b>
<b>Noncurrent assets</b>																	
Accounts receivable, net						1,622,888			621,786		4,803,903						7,048,577
Capital assets, net						1,624		11,949,879	285,318	40,332	687,925	7,828,158	1,801,020	63,264	704	2,968,669	25,626,893
Other assets								41,246	328,676		61,199	2,134,356	66,545		1,938		2,633,960
<b>Total noncurrent assets</b>						<b>1,624,512</b>		<b>11,991,125</b>	<b>1,235,780</b>	<b>40,332</b>	<b>749,124</b>	<b>14,766,417</b>	<b>1,867,565</b>	<b>63,264</b>	<b>2,642</b>	<b>2,968,669</b>	<b>35,309,430</b>
<b>Total assets</b>	<b>\$ 2,326,942</b>	<b>\$ 2,724,710</b>	<b>\$ 9,210,426</b>	<b>\$ 91,624</b>	<b>\$ 9,228,705</b>	<b>\$ 74,465,302</b>	<b>\$ 528,742</b>	<b>\$ 12,034,704</b>	<b>\$ 25,341,368</b>	<b>\$ 11,240,231</b>	<b>\$ 67,831,273</b>	<b>\$ 85,574,901</b>	<b>\$ 2,526,175</b>	<b>\$ 5,666,104</b>	<b>\$ 352,887</b>	<b>\$ 13,295,792</b>	<b>\$ 322,439,886</b>
<b>LIABILITIES</b>																	
<b>Current liabilities</b>																	
Accounts payable & accrued expenses	\$ 9,276	\$ 22,000	\$ 1,360,239	\$ 3,900	\$ 54,431	\$ 645,862	\$ 115,548	\$ 550,909	\$ 20,040	\$ 84,789	\$ 508,925	\$ 28,361	\$ 267,992	\$ 77,885	\$ 87,959	\$ 81,132	\$ 3,919,248
Long-term debt, current								173,886				2,915,744	400,853	3,902	57,661		3,552,046
Unearned revenues									55,720		1,485,814	145,181	83,383	184,044	5,543,595		7,497,737
<b>Total current liabilities</b>	<b>9,276</b>	<b>22,000</b>	<b>1,360,239</b>	<b>3,900</b>	<b>54,431</b>	<b>645,862</b>	<b>115,548</b>	<b>724,795</b>	<b>75,760</b>	<b>84,789</b>	<b>1,994,739</b>	<b>3,089,286</b>	<b>752,228</b>	<b>77,885</b>	<b>275,905</b>	<b>5,682,388</b>	<b>14,969,031</b>
<b>Noncurrent liabilities</b>																	
Other payables										4,442		2,170,937	359,166				2,534,545
Long-term debt, noncurrent								12,542,350				5,633,333	7,943		101,859		18,285,485
<b>Total noncurrent liabilities</b>								<b>12,542,350</b>		<b>4,442</b>		<b>7,804,270</b>	<b>367,109</b>		<b>101,859</b>		<b>20,820,030</b>
<b>Total liabilities</b>	<b>9,276</b>	<b>22,000</b>	<b>1,360,239</b>	<b>3,900</b>	<b>54,431</b>	<b>645,862</b>	<b>115,548</b>	<b>13,267,145</b>	<b>75,760</b>	<b>89,231</b>	<b>1,994,739</b>	<b>10,893,556</b>	<b>1,119,337</b>	<b>77,885</b>	<b>275,905</b>	<b>5,784,247</b>	<b>35,789,061</b>
<b>NET ASSETS</b>																	
Unrestricted	1,944,839	2,702,710	7,850,187	62,224	572,422	3,291,566	393,194	(1,242,544)	709,374	160,173	6,321,667	6,986,472	(35,123)	3,057,665	76,982	7,511,545	40,363,353
Temporarily restricted:																	
Scholarships & fellowships						12,689,822			518,404		9,464,316	10,426,212					33,098,754
Research						21,363			13,359			768,181					802,903
Other	372,827			25,500	3,510,551	16,361,135	20,000	10,103	2,486,480	3,475,086	10,813,811	29,481,346	1,433,319	491,713			68,481,871
Permanently restricted:																	
Scholarships & fellowships					4,257,141	24,017,447			16,151,990		25,119,022	12,373,739					81,919,339
Research						124,062			44,856			324,725					493,643
Other					834,160	17,314,045			5,341,145	7,515,741	14,117,718	14,320,670	8,642	2,038,841			61,490,962
<b>Total net assets</b>	<b>2,317,666</b>	<b>2,702,710</b>	<b>7,850,187</b>	<b>87,724</b>	<b>9,174,274</b>	<b>73,819,440</b>	<b>413,194</b>	<b>(1,232,441)</b>	<b>25,265,608</b>	<b>11,151,000</b>	<b>65,836,534</b>	<b>74,681,345</b>	<b>1,406,838</b>	<b>5,588,219</b>	<b>76,982</b>	<b>7,511,545</b>	<b>286,650,825</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,326,942</b>	<b>\$ 2,724,710</b>	<b>\$ 9,210,426</b>	<b>\$ 91,624</b>	<b>\$ 9,228,705</b>	<b>\$ 74,465,302</b>	<b>\$ 528,742</b>	<b>\$ 12,034,704</b>	<b>\$ 25,341,368</b>	<b>\$ 11,240,231</b>	<b>\$ 67,831,273</b>	<b>\$ 85,574,901</b>	<b>\$ 2,526,175</b>	<b>\$ 5,666,104</b>	<b>\$ 352,887</b>	<b>\$ 13,295,792</b>	<b>\$ 322,439,886</b>

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**UNIVERSITY SYSTEM OF MARYLAND  
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS  
YEAR ENDED JUNE 30, 2018**

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation of the 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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>																	
<b>Revenues</b>																	
Contributions & grants	\$ 2,964,190	\$ 8,073		\$ 10,735		\$ 325,754	\$ 1,776,561		\$ 181,323	\$ 59,628	\$ 246,385	\$ 477,230	\$ 966,674	\$ 60,112	\$ 305,258	\$ 259,776	\$ 7,641,699
Investment income	24,983	247,654	\$ 548,376	10	\$ 65,769	285,483	12,940		122,559	2,547	405,575	506,258	135,697	309,069	305,258	563,040	3,229,960
Other income (loss)	267,947	(16,563)	2,502,202		97,040	15	1,032,467	\$ 1,035,051	1,869	113,784	3,919	1,472,092	336,858	561,207	89	1,790,388	9,198,365
Assets released from restrictions	215,736			150,650	1,791,023	5,193,384	20,000		2,106,238	1,320,072	3,945,806	7,846,664	1,683,079	314,315			24,586,967
<b>Total revenues</b>	<b>3,472,856</b>	<b>239,164</b>	<b>3,050,578</b>	<b>161,395</b>	<b>1,953,832</b>	<b>5,804,636</b>	<b>2,841,968</b>	<b>1,035,051</b>	<b>2,411,989</b>	<b>1,496,031</b>	<b>4,601,685</b>	<b>10,302,244</b>	<b>3,122,308</b>	<b>1,244,703</b>	<b>305,347</b>	<b>2,613,204</b>	<b>44,656,991</b>
<b>Expenses</b>																	
Program	2,513,968	39,678	1,533,878	105,319	1,665,613	4,650,999	1,320,968	1,316,616	2,010,385	1,297,947	3,577,112	8,240,582	976,065	944,600	460,907	772,878	31,427,515
General & administrative	236,495	78,471	1,126,142	24,666	64,373	689,913	377,876	111,360	473,204	145,271	563,441	442,733	451,499	249,121	380	106,797	5,141,742
Fundraising	256,711				161,074	624,008	1,045,462			28,149	277,715	158,336	56,516	40,826			2,648,797
Other expense			215,664										1,763,808			1,078,180	3,057,652
<b>Total expenses</b>	<b>3,007,174</b>	<b>118,149</b>	<b>2,875,684</b>	<b>129,985</b>	<b>1,891,060</b>	<b>5,964,920</b>	<b>2,744,306</b>	<b>1,427,976</b>	<b>2,483,589</b>	<b>1,471,367</b>	<b>4,418,268</b>	<b>8,841,651</b>	<b>3,247,888</b>	<b>1,234,547</b>	<b>461,287</b>	<b>1,957,855</b>	<b>42,275,706</b>
<b>Change in unrestricted net assets</b>	<b>465,682</b>	<b>121,015</b>	<b>174,894</b>	<b>31,410</b>	<b>62,772</b>	<b>(160,284)</b>	<b>97,662</b>	<b>(392,925)</b>	<b>(71,600)</b>	<b>24,664</b>	<b>183,417</b>	<b>1,460,593</b>	<b>(125,580)</b>	<b>10,156</b>	<b>(155,940)</b>	<b>655,349</b>	<b>2,381,285</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>																	
Contributions & grants	248,862			222,000	1,134,030	3,985,185	25,000		1,482,919	735,236	1,471,329	4,127,867	123,346	449,588			14,005,362
Investment income					527,798	5,230,901			30,348	788,818	3,648,230	6,042,432					16,268,527
Other income					185,625	858,908			358,056	114,393	174,150	101,533					1,792,665
Assets released from restrictions	(215,736)			(150,650)	(2,088,898)	(5,234,216)	(20,000)		(1,285,503)	(778,064)	(3,987,685)	(7,791,418)	(1,683,079)	(314,315)			(23,549,564)
<b>Change in temporarily restricted net assets</b>	<b>33,126</b>			<b>71,350</b>	<b>(241,445)</b>	<b>4,840,778</b>	<b>5,000</b>		<b>585,820</b>	<b>860,383</b>	<b>1,306,024</b>	<b>2,480,414</b>	<b>(1,559,733)</b>	<b>135,273</b>			<b>8,516,990</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>																	
Contributions & grants						1,499,210			541,330	424,902	1,524,921	990,075	20,000	43,293			5,043,731
Investment income									1,853,578		86,190	147,774		14,428			2,101,970
Other income						818			17,737								18,555
Assets released from restrictions					297,875	40,832			(820,735)	(542,008)	41,879	(55,246)					(1,037,403)
<b>Change in permanently restricted net assets</b>					<b>297,875</b>	<b>1,540,860</b>			<b>1,591,910</b>	<b>(117,106)</b>	<b>1,652,990</b>	<b>1,082,603</b>	<b>20,000</b>	<b>57,721</b>			<b>6,126,853</b>
<b>Total change in net assets</b>	<b>498,808</b>	<b>121,015</b>	<b>174,894</b>	<b>102,760</b>	<b>119,202</b>	<b>6,221,354</b>	<b>102,662</b>	<b>(392,925)</b>	<b>2,106,130</b>	<b>767,941</b>	<b>3,142,431</b>	<b>5,023,610</b>	<b>(1,665,313)</b>	<b>203,150</b>	<b>(155,940)</b>	<b>655,349</b>	<b>17,025,128</b>
<b>Net assets - beginning of year</b>	<b>2,317,666</b>	<b>2,702,710</b>	<b>7,850,187</b>	<b>87,724</b>	<b>9,174,274</b>	<b>73,819,440</b>	<b>413,194</b>	<b>(1,232,441)</b>	<b>25,265,608</b>	<b>11,151,000</b>	<b>65,836,534</b>	<b>74,681,345</b>	<b>1,406,838</b>	<b>5,588,219</b>	<b>76,982</b>	<b>7,511,545</b>	<b>286,650,825</b>
<b>Net assets - end of year</b>	<b>\$ 2,816,474</b>	<b>\$ 2,823,725</b>	<b>\$ 8,025,081</b>	<b>\$ 190,484</b>	<b>\$ 9,293,476</b>	<b>\$ 80,040,794</b>	<b>\$ 515,856</b>	<b>\$ (1,625,366)</b>	<b>\$ 27,371,738</b>	<b>\$ 11,918,941</b>	<b>\$ 68,978,965</b>	<b>\$ 79,704,955</b>	<b>\$ (258,475)</b>	<b>\$ 5,791,369</b>	<b>\$ (78,958)</b>	<b>\$ 8,166,894</b>	<b>\$ 303,675,953</b>

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**UNIVERSITY SYSTEM OF MARYLAND**  
**COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2017**

	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation of the 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.	Towson University Public Media, Inc.	Maryland Hawk Corporation	Frostburg State University Foundation, Inc.	Coppin State University Development Foundation, Inc.	University of Baltimore, Inc. and University Properties, Inc.	Salisbury University Foundation, Inc.	The Ward Foundation, Inc.	Maryland 4-H Foundation, Inc.	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>																	
<b>Revenues</b>																	
Contributions & grants	\$ 1,589,926	\$ 8,090		\$ 19,180		\$ 460,553	\$ 1,709,048		\$ 201,663	\$ 46,336	\$ 446,623	\$ 557,181	\$ 772,977	\$ 74,179	\$ 689,123	\$ 230,763	\$ 6,805,642
Investment income	5,522	319,105	\$ 1,060,760	273	\$ 75,222	485,876	2,256	\$ 26,680	130,740	1,588	1,037,449	471,879	141,116	368,303		593,973	4,720,742
Other income	280,717	28,014	3,682,140	6,110	79,427	1,039	890,730	743,161	10,440	133,473	3,997	925,217	271,028	608,771	101	1,609,841	9,274,206
Assets released from restrictions	131,817			1,000	1,198,612	5,379,054	2,400		2,271,703	1,685,564	6,628,991	3,759,635	(558,096)	272,695			20,773,375
<b>Total revenues</b>	<b>2,007,982</b>	<b>355,209</b>	<b>4,742,900</b>	<b>26,563</b>	<b>1,353,261</b>	<b>6,326,522</b>	<b>2,604,434</b>	<b>769,841</b>	<b>2,614,546</b>	<b>1,866,961</b>	<b>8,117,060</b>	<b>5,713,912</b>	<b>627,025</b>	<b>1,323,948</b>	<b>689,224</b>	<b>2,434,577</b>	<b>41,573,965</b>
<b>Expenses</b>																	
Program	1,063,873	105,782	2,128,911	11,793	1,083,374	5,050,911	1,259,521	1,562,709	2,196,328	1,667,884	6,883,459	4,013,725	784,385	801,254	586,991	695,485	29,896,385
General & administrative	195,122	79,666	1,385,525	4,870	46,800	607,789	375,788	74,019	308,987	150,130	615,443	439,214	336,253	179,968	48,841	133,915	4,982,330
Fundraising	249,865			5,806	186,460	668,238	871,021			21,000	306,707	217,042	52,423	34,555			2,613,117
Other expense			338,946					446,791					282,765			1,045,764	2,114,266
<b>Total expenses</b>	<b>1,508,860</b>	<b>185,448</b>	<b>3,853,382</b>	<b>22,469</b>	<b>1,316,634</b>	<b>6,326,938</b>	<b>2,506,330</b>	<b>2,083,519</b>	<b>2,505,315</b>	<b>1,839,014</b>	<b>7,805,609</b>	<b>4,669,981</b>	<b>1,455,826</b>	<b>1,015,777</b>	<b>635,832</b>	<b>1,875,164</b>	<b>39,606,098</b>
<b>Change in unrestricted net assets</b>	<b>499,122</b>	<b>169,761</b>	<b>889,518</b>	<b>4,094</b>	<b>36,627</b>	<b>(416)</b>	<b>98,104</b>	<b>(1,313,678)</b>	<b>109,231</b>	<b>27,947</b>	<b>311,451</b>	<b>1,043,931</b>	<b>(828,801)</b>	<b>308,171</b>	<b>53,392</b>	<b>559,413</b>	<b>1,967,867</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>																	
Contributions & grants	434,438				1,226,473	3,320,553	20,000		1,038,864	906,086	4,872,369	3,791,935	641,970	318,067			16,570,755
Investment income					678,140	6,920,546			35,433	1,096,953	4,308,851	6,538,234					19,578,157
Other income					233,828	1,101,719			393,369	115,740	149,661	90,068					2,084,385
Assets released from restrictions	(131,817)			(1,000)	(1,419,133)	(5,526,977)	(2,400)		(1,197,304)	(1,691,274)	(6,587,130)	(1,849,624)	558,096	(282,083)			(18,130,646)
<b>Change in temporarily restricted net assets</b>	<b>302,621</b>			<b>(1,000)</b>	<b>719,308</b>	<b>5,815,841</b>	<b>17,600</b>		<b>270,362</b>	<b>427,505</b>	<b>2,743,751</b>	<b>8,570,613</b>	<b>1,200,066</b>	<b>35,984</b>			<b>20,102,651</b>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>																	
Contributions & grants						1,125,595			648,050	205,181	584,656	430,747		57,764			3,051,993
Investment income									2,612,877		661,802	253,124		23,260			3,551,063
Other income						1,736			25,631		2,583						29,950
Assets released from restrictions					220,521	147,923			(1,074,399)	5,710	(41,861)	(1,910,011)		9,388			(2,642,729)
<b>Change in permanently restricted net assets</b>					<b>220,521</b>	<b>1,275,254</b>			<b>2,212,159</b>	<b>210,891</b>	<b>1,207,180</b>	<b>(1,226,140)</b>		<b>90,412</b>			<b>3,990,277</b>
<b>Total change in net assets</b>	<b>801,743</b>	<b>169,761</b>	<b>889,518</b>	<b>3,094</b>	<b>976,456</b>	<b>7,090,679</b>	<b>115,704</b>	<b>(1,313,678)</b>	<b>2,591,752</b>	<b>666,343</b>	<b>4,262,382</b>	<b>8,388,404</b>	<b>371,265</b>	<b>434,567</b>	<b>53,392</b>	<b>559,413</b>	<b>26,060,795</b>
<b>Net assets - beginning of year</b>	<b>1,515,923</b>	<b>2,532,949</b>	<b>6,960,669</b>	<b>84,630</b>	<b>8,197,818</b>	<b>66,728,761</b>	<b>297,490</b>	<b>81,237</b>	<b>22,673,856</b>	<b>10,484,657</b>	<b>61,574,152</b>	<b>66,292,941</b>	<b>1,035,573</b>	<b>5,153,652</b>	<b>23,590</b>	<b>6,952,132</b>	<b>260,590,030</b>
<b>Net assets - end of year</b>	<b>\$ 2,317,666</b>	<b>\$ 2,702,710</b>	<b>\$ 7,850,187</b>	<b>\$ 87,724</b>	<b>\$ 9,174,274</b>	<b>\$ 73,819,440</b>	<b>\$ 413,194</b>	<b>\$ (1,232,441)</b>	<b>\$ 25,265,608</b>	<b>\$ 11,151,000</b>	<b>\$ 65,836,534</b>	<b>\$ 74,681,345</b>	<b>\$ 1,406,838</b>	<b>\$ 5,588,219</b>	<b>\$ 76,982</b>	<b>\$ 7,511,545</b>	<b>\$ 286,650,825</b>

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## UNIVERSITY SYSTEM OF MARYLAND

### NOTES TO SUPPLEMENTARY INFORMATION YEARS ENDED JUNE 30, 2018 AND 2017

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#### ACCOUNTING AND REPORTING PRACTICES

##### Supplementary 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 are reported on 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 Position.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

To the Board of Regents  
University System of Maryland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University System of Maryland (the System) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated October 31, 2018.

***Internal Controls over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the System's internal controls over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal controls. Accordingly, we do not express an opinion on the effectiveness of the System's internal controls.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**S B & COMPANY, LLC**  
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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Hunt Valley, Maryland  
October 31, 2018

*S B & Company, LLC*





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