



**BOARD OF REGENTS - AUDIT COMMITTEE
MEETING AGENDA**

January 29, 2024

1. [Information & Discussion – USM FYE 6/30/2023 Audited Financial Statements](#) Ms. Denson
Ms. Herbst
Mr. Acton
 - Key Points Associated with FY 2023 Financial Statements
 - Financial Snapshot
 - Financial Statements for the Year’s Ended June 30, 2022, and 2023

 2. [Information and Discussion – FYE 6/30/2023 Independent Audit of USM’s Financial Statements \(CliftonLarsonAllen, LLP\)](#) Ms. Bowman
 - Independent Auditor’s Presentation to the Board
 - Independent Auditor’s Communication to USM Governance
 - Report of Independent Public Accountants
-

Information & Discussion – USM FYE 6/30/2023 Audited Financial Statements

TOPIC: Information – USM Financial Statements and materials for the year ended June 30, 2023

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: January 29, 2024

SUMMARY: This item is a brief review of the audited University System of Maryland basic financial statements for the year ended June 30, 2023, for which CliftonLarsonAllen LLP (CLA)—the USM’s independent auditors—provided an unmodified opinion.

A set of key points to be taken from the System’s financial statements appears on the first page of the attached materials. The statement of net position (balance sheet), along with the statement of revenues, expenses, and changes in net position follows on pages two and three.

The “Financial Snapshot” on page four summarizes the System’s key financial health ratio used by rating agencies—available resources to debt outstanding—using the figures reflected in the financial statements, to provide a comparison between June 30, 2023 and 2022. The lower part of the Financial Snapshot displays adjustments to the publicly reported balances for Board-approved claims and authorizations not yet expended or reflected in the financial statements to arrive at a “true” financial health ratio for internal management and decision-making purposes.

A discussion, aided by a set of presentation slides, about the System’s approach to financial planning will be used to complement the review of the audited financial statements.

NOTE: The University System of Maryland Financial Statements and Supplemental Schedules for FY 2023 can be viewed online at <http://www.usmd.edu/usm/adminfinance/finafair/fsssch.html>.

FISCAL IMPACT: Information item

CHANCELLOR’S RECOMMENDATION: Information item

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca

2.1.2 - FY23 Key Points January 29 2024 Audit Committee Meeting

**University System of Maryland
Review of Financial Statements
Year Ended June 30, 2023**

Key points associated with FY 2023 financial statements and materials:

1. Annual Financial Statement Report

The USM Annual Financial Statements for the year ended June 30, 2023, reports an increase of unrestricted net position of \$268M compared to an increase of \$98M reported as of June 30, 2022.

During FY20 and FY21, the Institutions were awarded \$574M in Higher Education Emergency Relief Funds to assist the institutions and students through the pandemic. Through June 30, 2023, the institutions had expended \$553M of these funds. BSU and UMES have unspent HEERF Funds as of June 30, 2023. They have until June 2024 to expend the remaining funds.

The financials statements reflect the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. Included in the financials statements is \$43M in Subscription-based obligations.

The June 30, 2023, financial statements include the addition of three new component units. The three legally separate entities are University of Maryland Pediatrics, PA, University of Maryland Orthopaedics, PA, and University of Maryland Faculty Physicians, Inc. Each of these component units are associated with the University of Maryland, Baltimore School of Medicine.

The financial statements for the University of Maryland Global Campus (pages 85-87) reflect both the financial activities and balances of the University, but also include the activities and balances of UMGC Ventures, which is combined with the institutions' financial information in the 'Institution' column. This presentation, referred to as 'blending,' reflects the integral relationship and importance of UMGC Ventures to UMGC's operations. (The presentation of the other component units is described as a 'discrete' presentation, meaning that the financial information of the affiliated entities reported as component units are shown on separate financial displays distinct from the USM or its institutions (pages 13 and 15).

2. Financial Snapshot:

The 'Financial Snapshot' is used to present the financial health of the System, using the key ratio used by the rating agencies. This ratio, which measures Balance Sheet strength, of 'available resources' (defined as USM unrestricted net position + unfunded pension amounts + accrued leave liability + affiliated foundation unrestricted net assets) to debt outstanding, including lease obligations, is 252% at June 30, 2023, compared to 203% at June 30, 2022.

Adjusting for Board-approved commitments and authorizations to spend or borrow not yet reflected in the financial statements, resulted in an increase in overall 'true' financial standing, from 149% in FY22 to 186% in FY23. This 'adjusted' financial strength ratio is the basis of evaluation as described in the current Board of Regents Policy on Debt

Management (VIII-12.00), with the policy requiring that new authorizations and commitments be controlled in such a manner that the ratio of available resources to debt outstanding not fall below a 90% ratio.

Including the impact of the System's P3 Obligations, the ratio of available resources outstanding is 120% at June 30, 2023, compared to 103% at June 30, 2022.

2.1.3 Financial Statements for the Year's Ended June 30, 2022 and 2023

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,270,618,496	\$ 3,043,519,564
Accounts receivable, net	440,016,302	349,952,225
Leases receivable, current portion, net	5,568,123	12,935,917
Notes receivable, current portion, net	2,946,582	4,351,323
Inventories	9,727,249	9,194,059
Prepaid expenses and other	23,361,322	20,132,560
Total current assets	3,752,238,074	3,440,085,648
Noncurrent assets:		
Restricted cash and cash equivalents	32,217,427	88,154,401
Endowment investments	445,202,520	434,364,389
Other investments	43,540,519	40,831,935
Leases receivable, net	8,700,878	47,513,791
Notes receivable, net	9,446,751	12,193,043
Capital assets, net	7,603,663,404	7,326,736,884
Total noncurrent assets	8,142,771,499	7,949,794,443
Total assets	11,895,009,573	11,389,880,091
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refundings of debt	4,861,048	6,034,722
Asset retirement obligations	11,194,989	11,741,954
Deferred changes, pension expense	314,484,404	380,707,864
Total assets and deferred outflows of resources	\$ 12,225,550,014	\$ 11,788,364,631
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 434,628,650	\$ 410,362,411
Accrued workers' compensation, current portion	4,352,250	4,522,350
Accrued vacation costs, current portion	135,247,076	130,262,070
Obligations under subscription arrangements, current portion	14,520,081	
Obligations under lease arrangements, current portion	17,894,865	17,732,713
Revenue bonds and notes payable, current portion	94,879,968	96,971,293
Unearned revenues	552,258,883	519,855,439
Total current liabilities	1,253,781,773	1,179,706,276
Noncurrent liabilities:		
Accrued workers' compensation	24,662,750	25,626,650
Accrued vacation costs	185,654,115	181,624,240
Obligations under subscription arrangements	28,461,743	
Obligations under lease arrangements	71,722,661	83,383,979
Revenue bonds and notes payable	1,145,361,845	1,254,836,154
Net pension liability	1,304,919,638	977,354,142
Total noncurrent liabilities	2,760,782,752	2,522,825,165
Total liabilities	4,014,564,525	3,702,531,441
DEFERRED INFLOWS OF RESOURCES		
Deferred service concession arrangement receipts	246,838,739	266,747,515
Deferred inflows related to leases	13,940,687	58,909,984
Deferred changes, pension expense	116,254,540	546,879,512
Total deferred inflows of resources	377,033,966	872,537,011
NET POSITION		
Unrestricted	1,553,647,706	1,285,983,924
Net investment in capital assets	6,015,846,849	5,696,432,526
Restricted:		
Nonexpendable:		
Scholarships and fellowships	21,439,572	21,267,637
Research	7,636,977	7,636,377
Other	16,928,834	16,928,309
Expendable:		
Scholarships and fellowships	78,559,144	46,686,730
Research	78,683,998	71,756,398
Loans	22,664,745	27,800,658
Capital projects	4,891,748	4,633,279
Other	33,651,950	34,170,341
Total net position	7,833,951,523	7,213,296,179
Total liabilities, deferred inflows of resources and net position	\$ 12,225,550,014	\$ 11,788,364,631

UNIVERSITY OF SYSTEM OF MARYLAND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
OPERATING REVENUES:						
Tuition and fees	\$ 1,776,662,985			\$ 1,763,780,683		
Less: scholarship allowances	(402,468,846)	\$ 1,374,194,139	33.3 %	(399,706,090)	\$ 1,364,074,593	35.3 %
Federal grants and contracts		953,874,024	23.1		871,536,573	22.5
State and local grants and contracts		277,496,646	6.7		232,407,684	6.0
Nongovernmental grants and contracts		317,951,633	7.7		278,725,575	7.2
Sales and services of educational departments		411,628,170	10.0		400,319,333	10.3
Auxiliary enterprises:						
Residential facilities	215,887,920			198,025,714		
Less: scholarship allowances	(16,520,371)	199,367,549	4.8	(11,039,449)	186,986,265	4.8
Dining facilities	150,819,587			128,954,082		
Less: scholarship allowances	(8,663,551)	142,156,036	3.4	(6,419,028)	122,535,054	3.2
Intercollegiate athletics	154,888,205			132,226,377		
Less: scholarship allowances	(8,510,515)	146,377,690	3.5	(1,987,735)	130,238,642	3.4
Bookstore	14,874,198			28,215,539		
Less: scholarship allowances	(2,174,553)	12,699,645	0.3	(4,550,328)	23,665,211	0.6
Parking facilities	42,664,914			38,232,144		
Less: scholarship allowances	(157,119)	42,507,795	1.0	(1,248,965)	36,983,179	1.0
Other auxiliary enterprises revenues	166,037,955			155,481,618		
Less: scholarship allowances	(456,638)	165,581,317	4.0	(50,127)	155,431,491	4.0
Other operating revenues		90,444,137	2.2		64,933,123	1.7
Total operating revenues		4,134,278,781	100.0		3,867,836,723	100.0
OPERATING EXPENSES:						
Instruction		1,600,428,234	25.5		1,469,203,096	24.9
Research		1,243,956,697	19.9		1,117,448,187	18.9
Public service		573,243,117	9.2		571,068,805	9.6
Academic support		558,525,052	8.9		535,209,518	9.0
Student services		358,122,854	5.7		329,216,282	5.6
Institutional support		617,157,870	9.9		618,297,026	10.4
Operation and maintenance of plant		468,746,425	7.5		411,381,014	6.9
Scholarships and fellowships		137,101,779	2.2		225,089,117	3.8
Auxiliary enterprises:						
Residential facilities		191,683,735	3.1		187,999,542	3.2
Dining facilities		144,142,417	2.3		126,247,532	2.1
Intercollegiate athletics		168,220,152	2.7		155,492,122	2.6
Bookstore		14,695,038	0.2		14,417,486	0.2
Parking facilities		27,324,429	0.4		25,308,991	0.4
Other auxiliary enterprises expenses		159,279,496	2.5		141,174,657	2.4
Total operating expenses		6,262,627,295	100.0		5,927,553,375	100.0
Operating loss		(2,128,348,514)			(2,059,716,652)	
NONOPERATING REVENUES (EXPENSES)						
State appropriations		1,953,912,133	80.4		1,574,884,395	76.5
Pell grants		179,807,022	7.4		167,701,242	8.2
Other nonoperating grants		59,342,332	2.4		269,784,264	13.1
Gifts		65,435,471	2.7		53,354,623	2.6
Investment Income	139,254,630			26,289,922		
Less: investment expense	(1,771,876)	137,482,754	5.7	(1,505,288)	24,784,634	1.2
Interest on indebtedness		(35,940,588)	(1.5)		(39,248,619)	(1.9)
Other revenues, (expenses), gains and (losses)		71,486,779	2.9		5,735,208	0.3
Total nonoperating revenues (expenses)		2,431,525,903	100.0		2,056,995,747	100.0
Income (loss) before other revenues		303,177,389			(2,720,905)	
OTHER REVENUES:						
Capital appropriations		305,138,195	96.1		179,148,592	80.1
Capital gifts and grants		12,166,701	3.8		41,469,786	18.6
Additions to permanent endowments		173,059	0.1		2,900,873	1.3
Total other revenues		317,477,955	100.0 %		223,519,251	100.0 %
Increase (decrease) in net position		620,655,344			220,798,346	
Net position - beginning of year		7,213,296,179			6,992,497,833	
Net position - end of year		\$ 7,833,951,523			\$ 7,213,296,179	

2.1.4 - Financial Snapshot June 30. 2023

**University System of Maryland
Financial Snapshot
June 30, 2023 and 2022**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
From the June 30, 2023 and 2022 audited financial statements		
USM unrestricted net position	\$ 1,553,647,706	\$ 1,285,983,924
Net pension liability	1,107,531,953	1,143,525,790
USM accrued leave	320,901,191	311,866,310
Affiliated foundations unrestricted net assets	<u>373,772,602</u>	<u>204,924,458</u>
Available funds	<u><u>\$ 3,355,853,452</u></u>	<u><u>\$ 2,946,300,482</u></u>
Debt outstanding	\$ 1,329,859,339	\$ 1,452,923,957
Ratio of available resources to debt outstanding per financial statements	252%	203%
Claims against the June 30 available resources not reflected in financial statements:		
Available funds per financial statements	\$ 3,355,853,452	\$ 2,946,300,482
Cash-funded capital projects not fully spent at June 30,	(216,854,321)	(186,852,870)
Future years cash-funded capital projects committed but not yet authorized	(194,893,849)	(255,578,000)
Noncapital cash-funded projects not yet authorized	<u>(68,486,443)</u>	<u>(68,486,443)</u>
Adjusted available funds	<u><u>\$ 2,875,618,839</u></u>	<u><u>\$ 2,435,383,169</u></u>
Debt outstanding per financial statements	\$ 1,329,859,339	\$ 1,452,923,957
Revenue bond-funded projects authorized but debt not yet issued	<u>214,849,316</u>	<u>184,888,969</u>
Adjusted total debt outstanding	<u><u>\$ 1,544,708,655</u></u>	<u><u>\$ 1,637,812,926</u></u>
Ratio of available resources to debt outstanding, adjusted	186%	149%
Ratio of available resources to debt outstanding including P3 Obligations	120%	103%

For FY2023, P3 projects include existed Deferred Service Concession Arrangements as reported in the Financial Statements totaling \$246.8M plus pending P3 projects estimated at \$609M. In FY2022, these included \$266.7M in existing projects, plus pending P3 projects estimated at \$450M.

While rating agencies base their assessments based on financial statement balances, the System manages the ratio of available funds to debt outstanding to not fall below 1:1 ratio to ensure that financial health does not fall below medians for Aa1 rating category.

2.1.5 USM_6.30.23_Audited FinancialStatements- Long Version



UNIVERSITY SYSTEM *of* MARYLAND

Financial Statements and Supplementary Information and
Data Together with Independent Auditors' Report

For the Year Ended June 30, 2023

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UNIVERSITY SYSTEM OF MARYLAND

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INDEPENDENT AUDITORS' REPORT

Board of Regents
University System of Maryland
Adelphi, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University System of Maryland (the System), a component unit of the State of Maryland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit 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 business-type activities and the aggregate discretely presented component units of the System as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., the University of Maryland Baltimore Foundation, Inc., University of Maryland Faculty Physicians, 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., University of Maryland Orthopaedic Associates, P.A., University of Maryland Pediatric Associates, P.A., and UMGC Ventures, Inc. and Subsidiaries (component units), which represent 0.4%, 0.6%, and 0.6%, respectively, of the assets, net position, and revenues of the System's business-type activities and 100% of the net assets, net assets, and revenues of the aggregate discretely presented component units as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of 100% of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the System restated its beginning net assets for discretely presented component units to reflect the correction of an error for previously excluded component units. In addition, beginning net assets for discretely presented component units were restated to reflect a change in accounting standard, Accounting Standards Codification 946 – *Financial Services- Investment Companies*. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the various schedules of Proportionate Share of Net Pension Liability, Contributions to the Teachers Pension System and the Employees Retirement System, and Contributions for Other Postemployment Benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for University of Maryland, Baltimore, University of Maryland, College Park, Bowie State University, Towson University, University of Maryland Eastern Shore, Frostburg State University, Coppin State University, University of Baltimore, Salisbury University, University of Maryland Global Campus, University of Maryland, Baltimore County, University of Maryland Center for Environmental Science, and the University of Maryland System Office; the Combining Statement of Financial Position, Nonmajor Component Units; and the Combining Statement of Activities, Nonmajor Component Units (the supplementary schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS by us and other auditors. In our opinion, the supplementary schedules are 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 December 22, 2023, on our consideration of the System’s internal control 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering System’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 22, 2023

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2023

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, 2023 and 2022.

Financial Highlights

- Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Information Technology Arrangements* was implemented in fiscal year 2023.
- Unrestricted net position increased by \$267,663,782 for the year ended June 30, 2023, compared to a increase of \$98,120,870 for the year ended June 30, 2022.
- State appropriations for the System increased by 24.1% for the year ended June 30, 2023.
- Tuition and fees, after deducting scholarship allowances, increased by \$10,119,546 or 0.7% for the year ended June 30, 2023. During the year ended June 30, 2022, net tuition and fees, increased by \$781,420 or 0.1%.
- For the year ended June 30, 2023, investment income on Endowment assets was \$26,044,676, representing an investment return of 6%. Investment income on Endowment assets amounted to \$9,134,761, an investment return of 2%, for the year ended June 30, 2022.
- Three laws were signed into effect during the years ended June 30, 2020 and 2021, which provide financial support to individuals, governments and businesses experiencing financial hardship associated with the coronavirus pandemic:
 - On December 27, 2020, The Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA) was signed into law. The American Rescue Plan (ARP) was signed into law on March 11, 2021. Each of these laws provided funding for the Higher Education Emergency Relief Fund(HEERF).
 - These acts, along with the Coronavirus Aid, Relief, and Economic Security Act (CARES act), provide for potential funding of \$574,194,991 to System institutions to be used for pandemic related student and institutional aid that may be accessed or used through fiscal year 2023.
 - The System recognized \$59,342,332 and \$269,784,264 of nonoperating grant revenues associated with amounts awarded directly, or through the state of Maryland, of COVID relief funding for the years ended June 30, 2023 and 2022, respectively.

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 Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

UNIVERSITY SYSTEM OF MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2023

The *Statement of Net Position* 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).

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 Statement of Net Position 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 12 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 12 component units, four 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, 2023, the System's financial health remains strong, with assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$7,833,951,523, shown on the Statement of Net Position as total net position. This compares with total net position of \$7,213,296,179 as of June 30, 2022. As suggested earlier, when viewed over time, net position may be useful as an indicator of financial health.

For the year ended June 30, 2023, total net position increased by \$620,655,344. While net investment in capital assets increased by \$319,414,323, unrestricted net position increased by \$267,663,782 and restricted net position categories increased by \$33,577,239.

For the year ended June 30, 2022, total net position increased by \$220,798,346. Net investment in capital assets increased by \$116,350,595, unrestricted net position increased by \$98,120,870 and restricted net position categories increased by \$6,326,881.

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

The table below presents summary-level information of the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2023, and 2022.

	<u>2023</u>	<u>2022</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current and noncurrent assets	\$ 4,291,346,169	\$ 4,063,143,207
Capital assets, net	7,603,663,404	7,326,736,884
Total assets	11,895,009,573	11,389,880,091
Deferred outflows of resources	330,540,441	398,484,540
Total assets and deferred outflows of resources	<u>\$12,225,550,014</u>	<u>\$11,788,364,631</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Debt and lease obligations	\$ 1,329,859,339	\$ 1,452,924,139
Other liabilities	1,379,785,548	1,272,253,160
Net pension liability	1,304,919,638	977,354,142
Total liabilities	4,014,564,525	3,702,531,441
Deferred inflows of resources	377,033,966	872,537,011
Total liabilities and deferred inflows of resources	<u>4,391,598,491</u>	<u>4,575,068,452</u>
NET POSITION		
Net investment in capital assets	6,015,846,849	5,696,432,526
Restricted	264,456,968	230,879,729
Unrestricted	1,553,647,706	1,285,983,924
Total net position	<u>7,833,951,523</u>	<u>7,213,296,179</u>
Total liabilities, deferred inflows of resources and net position	<u>\$12,225,550,014</u>	<u>\$11,788,364,631</u>

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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, 2023 and 2022.

	2023	2022
Operating revenues	\$ 4,134,278,781	\$ 3,867,836,723
Operating expenses	6,262,627,295	5,927,553,375
Operating loss	(2,128,348,514)	(2,059,716,652)
State appropriations	1,953,912,133	1,574,884,395
Other nonoperating revenues, net	477,613,770	482,111,352
Total nonoperating revenues	2,431,525,903	2,056,995,747
Income (loss) before other revenues	303,177,389	(2,720,905)
Other revenues	317,477,955	223,519,251
Increase in net position	620,655,344	220,798,346
Net position, beginning of year	7,213,296,179	6,992,497,833
Net position, end of year	<u>\$ 7,833,951,523</u>	<u>\$ 7,213,296,179</u>

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

For the years ended June 30, 2023 and 2022, operating revenues, which under the definitions used by GASB, excludes state appropriations, are detailed below:

	2023		2022	
	\$	%	\$	%
Tuition and fees, net	\$ 1,374,194,139	33.2 %	\$ 1,364,074,593	35.3 %
Contracts and grants	1,549,322,303	37.5	1,382,669,832	35.7
Sales and services of educational departments	411,628,170	10.0	400,319,333	10.3
Auxiliary enterprises, net	708,690,032	17.1	655,839,842	17.0
Other operating	90,444,137	2.2	64,933,123	1.7
Total	<u>\$ 4,134,278,781</u>	<u>100.0 %</u>	<u>\$ 3,867,836,723</u>	<u>100.0 %</u>

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

For the years ended June 30, 2023 and 2022, operating expenses are detailed below:

	2023		2022	
	\$	%	\$	%
Instruction	\$ 1,600,428,234	25.4 %	\$ 1,469,203,096	24.8 %
Research	1,243,956,697	19.9	1,117,448,187	18.9
Public service	573,243,117	9.2	571,068,805	9.6
Academic support	558,525,052	8.9	535,209,518	9.0
Student services	358,122,854	5.7	329,216,282	5.6
Institutional support	617,157,870	9.9	618,297,026	10.4
Operation and maintenance of plant	468,746,425	7.5	411,381,014	6.9
Scholarships and fellowships	137,101,779	2.2	225,089,117	3.8
Auxiliary enterprises	705,345,267	11.3	650,640,330	11.0
Total	\$ 6,262,627,295	100.0 %	\$ 5,927,553,375	100.0 %

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, 2023 and 2022, increases in total employee payments of \$295,726,860 and \$132,838,588, respectively, represent the largest component of the overall increase in operating expenses over the prior year. For 2023 and 2022, the largest increases associated with employee payments were for instruction and research, respectively.

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.

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

	2023	2022
State of Maryland debt proceeds	\$305,138,195	\$179,148,592
System debt proceeds		142,907,335
System cash balances and donations	459,755,597	242,640,032
Total	\$764,893,792	\$564,695,959

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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

Project	Institution	Cost
Year ended June 30, 2023		
School of Pharmacy & Health Professions	University of Maryland Eastern Shore	\$104,739,000
College of Business	Coppin State University	45,833,000
Year ended June 30, 2022		
Living and Learning Community	Bowie State University	\$ 52,792,942
Center for Well Being	University of Maryland Baltimore County	17,034,250

The System periodically issues 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. The System did not issue Revenue Bonds during the year ended June 30, 2023. During the year ended June 30, 2022, the System issued the following Revenue Bonds:

Debt issuance	Date of issue	Purpose	Total Par Value Issued	Present Value of Future Debt Service Savings
2022 Series A	2/24/2022	Financing construction and facilities renewal	\$102,895,000	
2022 Series B	2/24/2022	Refinancing (Taxable)	23,525,000	\$ 550,273

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

UNIVERSITY SYSTEM OF MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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 resource base.

Across all student categories, enrollment is expected to continue to increase over the next ten years, with approximately 8.9% more fulltime equivalent students anticipated by the fall 2032. While preliminary fall 2023 enrollment indicates a increase in fulltime equivalent enrollment of approximately 0.02%, the longterm projection remains a picture of continued but slower growth.

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 statewide economic activity and workforce development.

Personnel costs account for more than two-thirds of the System's noncapital spending. Healthcare costs and the adoption of a statewide funding strategy for providing for retiree's healthcare costs are expected to be significant considerations for the System's future spending levels.

On June 30, 2023, the Supreme Court ruled against President Biden's student loan forgiveness program. The uncertainty around potential debt relief measures could influence students' decisions on attending or continuing their education, as a result lead to potential decrease in enrollment resulting in a decline in tuition revenue. The ruling puts pressure on the System to find alternative avenues for student debt relief, which could result in changes to federal funding and financial aid policies.

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
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 3,270,618,496
Accounts receivable, net	440,016,302
Leases receivable, current portion, net	5,568,123
Notes receivable, current portion, net	2,946,582
Inventories	9,727,249
Prepaid expenses and other	<u>23,361,322</u>

Total current assets 3,752,238,074

Noncurrent assets

Restricted cash and cash equivalents	32,217,427
Endowment investments	445,202,520
Other investments	43,540,519
Leases receivable, net	8,700,878
Notes receivable, net	9,446,751
Capital assets, net	<u>7,603,663,404</u>

Total noncurrent assets 8,142,771,499

Total assets 11,895,009,573

DEFERRED OUTFLOWS OF RESOURCES

330,540,441

Total assets and deferred outflows of resources \$ 12,225,550,014

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 434,628,650
Accrued workers' compensation, current portion	4,352,250
Accrued vacation costs, current portion	135,247,076
Obligations under subscription arrangements, current portion	14,520,081
Obligations under lease arrangements, current portion	17,894,865
Revenue bonds and notes payable, current portion	94,879,968
Unearned revenues	<u>552,258,883</u>

Total current liabilities 1,253,781,773

Noncurrent liabilities

Accrued workers' compensation	24,662,750
Accrued vacation costs	185,654,115
Obligations under subscription arrangements	28,461,743
Obligations under lease arrangements	71,722,661
Revenue bonds and notes payable	1,145,361,845
Net pension liability	<u>1,304,919,638</u>

Total noncurrent liabilities 2,760,782,752

Total liabilities 4,014,564,525

DEFERRED INFLOWS OF RESOURCES

377,033,966

NET POSITION

Unrestricted	1,553,647,706
Net investment in capital assets	6,015,846,849
Restricted:	
Nonexpendable	46,005,383
Expendable	<u>218,451,585</u>

Total net position 7,833,951,523

Total liabilities, deferred inflows of resources and net position \$ 12,225,550,014

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF FINANCIAL POSITION, COMPONENT UNITS
JUNE 30, 2023

	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.	University of Maryland Faculty Physicians, Inc.		
ASSETS						
Current assets						
Cash	\$ 206,000	\$ 54,133,064	\$ 3,142,048	\$ 37,922,195	\$ 66,183,837	\$ 161,587,144
Accounts receivable, net	12,417,000	80,808,771	18,709,517	15,550,981	14,511,373	141,997,642
Other assets	156,000	92,872	243,298	114,605,277	4,575,935	119,673,382
Total current assets	12,779,000	135,034,707	22,094,863	168,078,453	85,271,145	423,258,168
Investments						
Endowment investments	428,555,000	680,514,878	332,480,161		366,560,825	1,808,110,864
Other investments	618,639,000	164,191,947	92,317,673	20,336,048	9,372,832	904,857,500
Total investments	1,047,194,000	844,706,825	424,797,834	20,336,048	375,933,657	2,712,968,364
Noncurrent assets						
Accounts receivable, net	4,150,000	54,566,092	19,598,677	256,172	20,132,610	98,703,551
Capital assets, net	14,725,000	2,455,945		41,567,745	4,676,691	63,425,381
Other assets	492,000	6,363,791	4,028,951	93,272,207	9,678,860	113,835,809
Total noncurrent assets	19,367,000	63,385,828	23,627,628	135,096,124	34,488,161	275,964,741
Total assets	\$1,079,340,000	\$1,043,127,360	\$ 470,520,325	\$ 323,510,625	\$ 495,692,963	\$3,412,191,273
LIABILITIES						
Current liabilities						
Accounts payable & accrued expenses	\$ 3,538,000	\$ 278,389	\$ 1,540,607	\$ 142,885,751	\$ 37,538,478	\$ 185,781,225
Long-term debt, current				7,267,371	1,752,486	9,019,857
Unearned revenues	2,410,000	3,596,201		626,272	1,345,787	7,978,260
Total current liabilities	5,948,000	3,874,590	1,540,607	150,779,394	40,636,751	202,779,342
Noncurrent liabilities						
Other payables	105,755,665	4,547,781	1,939,547	20,118,751	11,740,999	144,102,743
Due to primary government	445,072,335					445,072,335
Long-term debt, noncurrent				24,554,160		24,554,160
Total noncurrent liabilities	550,828,000	4,547,781	1,939,547	44,672,911	11,740,999	613,729,238
Total liabilities	556,776,000	8,422,371	3,480,154	195,452,305	52,377,750	816,508,580
NET ASSETS						
Without donor restrictions	84,676,000	48,871,843	42,674,504	128,058,320	69,491,935	373,772,602
With donor restrictions	437,888,000	985,833,146	424,365,667		373,823,278	2,221,910,091
Total net assets	522,564,000	1,034,704,989	467,040,171	128,058,320	443,315,213	2,595,682,693
Total liabilities and net assets	\$1,079,340,000	\$1,043,127,360	\$ 470,520,325	\$ 323,510,625	\$ 495,692,963	\$3,412,191,273

See accompanying notes.

UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

OPERATING REVENUES		
Tuition and fees	\$ 1,776,662,985	
Less: scholarship allowances	<u>(402,468,846)</u>	\$ 1,374,194,139
Federal grants and contracts		953,874,024
State and local grants and contracts		277,496,646
Nongovernmental grants and contracts		317,951,633
Sales and services of educational departments		411,628,170
Auxiliary enterprises	745,172,779	
Less: scholarship allowances	<u>(36,482,747)</u>	708,690,032
Other operating revenues		<u>90,444,137</u>
Total operating revenues		<u>4,134,278,781</u>
OPERATING EXPENSES		
Instruction		1,600,428,234
Research		1,243,956,697
Public service		573,243,117
Academic support		558,525,052
Student services		358,122,854
Institutional support		617,157,870
Operation and maintenance of plant		468,746,425
Scholarships and fellowships		137,101,779
Auxiliary enterprises		<u>705,345,267</u>
Total operating expenses		<u>6,262,627,295</u>
Operating loss		<u>(2,128,348,514)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		1,953,912,133
Pell grants		179,807,022
Other nonoperating grants		59,342,332
Gifts		65,435,471
Investment income	139,254,630	
Less: investment expense	<u>(1,771,876)</u>	137,482,754
Interest on indebtedness		(35,940,588)
Other revenues and gains (losses), net		<u>71,486,779</u>
Total nonoperating revenues		<u>2,431,525,903</u>
Loss before other revenues		<u>303,177,389</u>
OTHER REVENUES		
Capital appropriations		305,138,195
Capital gifts and grants		12,166,701
Additions to endowments		<u>173,059</u>
Total other revenues		<u>317,477,955</u>
Increase in net position		620,655,344
Net position - beginning of year		<u>7,213,296,179</u>
Net position - end of year		<u><u>\$ 7,833,951,523</u></u>

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, COMPONENT UNITS
YEAR ENDED JUNE 30, 2023**

	Major Component Units					Total
	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	University of Maryland Faculty Physicians, Inc.	Nonmajor Component Units	
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
Revenues						
Contributions & grants	\$ 2,891,000	\$ 20,000	\$ 4,975,769	\$ 47,418,741	\$ 1,557,635	\$ 56,863,145
Investment income, net	1,715,000	14,948,927	2,560,624	9,302,831	4,251,955	32,779,337
Other income	9,497,000	3,896,252	107,062	50,328,432	73,583,279	137,412,025
Assets released from restrictions	20,998,000	58,153,849	27,760,332		34,224,361	141,136,542
Total revenues	35,101,000	77,019,028	35,403,787	107,050,004	113,617,230	368,191,049
Expenses						
Program	25,999,000	63,053,814	28,908,310	90,671,176	62,665,989	271,298,289
General & administrative	9,920,000	2,857,534	3,097,449	13,059,130	19,525,911	48,460,024
Fundraising	2,016,000		2,304,098		1,454,873	5,774,971
Other expense					9,309,792	9,309,792
Total expenses	37,935,000	65,911,348	34,309,857	103,730,306	92,956,565	334,843,076
Change in net assets without donor restrictions	(2,834,000)	11,107,680	1,093,930	3,319,698	20,660,665	33,347,973
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS						
Contributions & grants	19,215,000	149,505,112	35,937,359		39,783,725	244,441,196
Investment income	20,275,000	30,135,435	17,397,666		26,556,914	94,365,015
Other income (loss)		(6,480,627)			1,838,360	(4,642,267)
Assets released from restrictions	(20,998,000)	(58,153,849)	(27,760,332)		(34,224,361)	(141,136,542)
Change in net assets with donor restrictions	18,492,000	115,006,071	25,574,693		33,954,638	193,027,402
Total changes in net assets	15,658,000	126,113,751	26,668,623	3,319,698	54,615,303	226,375,375
Net assets - beginning of year	506,906,000	886,241,362	440,371,548		400,288,237	2,233,807,147
Cumulative effect of an error correction				124,738,622	(1,144,352)	123,594,270
Cumulative effect of a change in accounting principle		22,349,876				22,349,876
Cumulative effect of a change in reporting entity					(10,443,975)	(10,443,975)
Net assets - end of year	\$ 522,564,000	\$1,034,704,989	\$ 467,040,171	\$ 128,058,320	\$ 443,315,213	\$2,595,682,693

See accompanying notes.

**UNIVERSITY SYSTEM OF MARYLAND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 1,352,739,552
Research contracts and grants	1,505,448,115
Payments to employees	(4,168,946,556)
Payments to suppliers and contractors	(1,648,438,290)
Loans issued to students	(543,524)
Collection of loans from students	4,671,744
Student direct lending payments	(684,888,400)
Student direct lending receipts	684,888,400
Auxiliary enterprises	687,535,127
Other receipts	562,684,022
	<hr/>
Net cash used by operating activities	(1,704,849,810)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	1,990,641,711
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	173,059
Pell grants	179,807,022
Other nonoperating grants	59,342,332
	<hr/>
Net cash provided by noncapital financing activities	2,229,964,124
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	306,596,899
Capital grants and gifts received	11,282,142
Proceeds from sales of capital assets	46,926,649
Purchases of capital assets	(657,618,688)
Principal paid on debt, leases, and subscription obligations	(134,054,915)
Interest paid on debt, leases, and subscription obligations	(49,762,453)
	<hr/>
Net cash used by capital and related financing activities	(476,630,366)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	16,455,872
Interest on investments	112,931,650
Investment expense	(1,771,876)
Purchases of investments	(4,937,636)
	<hr/>
Net cash provided by investing activities	122,678,010
Net increase in cash and cash equivalents	171,161,958
Cash and cash equivalents - beginning of year	3,131,673,965
	<hr/>
Cash and cash equivalents - end of year	\$ 3,302,835,923

SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Gifts and contributions of capital assets	\$ 108,698,824
Right-to-use assets under subscription arrangements	59,148,229
Right-to-use assets under lease obligations	13,724,208
Changes in unrealized appreciation on investments	12,319,968

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (2,128,348,514)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	433,403,515
Loss on disposals of capital assets	49,906,585
Amortization of deferred service concession arrangement receipts	(19,908,776)
Gifts and other revenues, (expenses), gains, and (losses)	136,922,250
Effect of changes in assets and liabilities:	
Accounts receivable, net	(129,064,077)
Inventories	(533,190)
Prepaid expenses and other deferred charges	(3,228,762)
Notes receivable	4,151,033
Accounts payable and accrued liabilities	(11,834,806)
Unearned revenues	(7,359,933)
Accrued vacation	9,014,881
Accrued workers' compensation	(1,134,000)
Net pension liability and related deferred outflows and inflows of resources	(36,836,016)
	<hr/>
Net cash used by operating activities	\$ (1,704,849,810)

See accompanying notes.

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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 support 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.

The System has recognized, as affiliated foundations, nine 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 nine 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 USMF), 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
YEAR ENDED JUNE 30, 2023**

The following affiliated foundations are considered nonmajor component units:

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.

During the year ended June 30, 2023, affiliated foundations distributed approximately \$117,376,344 to the System and its institutions for both restricted and unrestricted purposes.

Three legally separate entities (practice plans) that operate under the Medical Service Plan (MSP) of the University of Maryland Medical School (School of Medicine) are also recognized as discretely presented component units of the System due to the System's ability to appoint the majority of the governing boards of these organizations, the System's ability to impose its will on these organizations, and the significance of these organizations' financial statement amounts to the System and its financial statements. Two of the organizations, University of Maryland Pediatric Associates, P.A. (Pediatrics) and University of Maryland Orthopaedic Associates, P.A. (Orthopaedics) are professional associations organized under the Professional Service Corporation Act to engage in the practice of medicine under the MSP of the School of Medicine. The MSP sets forth accounting and operational guidelines for all professional association members. One of the organizations, University of Maryland Faculty Physicians, Inc. (FPI) is the umbrella corporation designated by the MSP to provide oversight and support to the professional association members. Based upon the significance of their respective financial statement amounts to the System and its financial statements, FPI is considered a major component unit of the System and Pediatrics and Orthopaedics are considered nonmajor component units.

Under the MSP of the School of Medicine, medical services are rendered by members of the faculty in connection with their duties to provide clinical instruction for medical students and post-graduate students and to deliver healthcare to the general public and, without charge, to the indigent on behalf of the School of Medicine. The MSP also establishes the Medical Service Plan Trust Fund, the Medical School Enrichment Fund, and the Department Development Funds, which are administered by FPI. During the year ended June 30, 2023, practice plans distributed approximately \$25,556,419 to the School of Medicine for unrestricted purposes.

Each of the System's affiliated foundations and practice plans are nongovernmental entities that prepare financial statements using the accounting standards promulgated by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to their financial information in the System's financial reporting entity for these differences.

Complete financial statements of the affiliated foundations and practice plans 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 Global Campus (UMGC). The entity, named UMGC Ventures, Inc., is organized to support UMGC and other higher education institutions through provision of support and administrative services.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

The condensed financial statements for UMGC Ventures, Inc. are as follows:

Condensed statements of financial position	
Current assets	\$ 37,777,295
Capital assets	354,250
Other assets	<u>5,220,772</u>
Total assets	<u>\$ 43,352,317</u>
Current liabilities	<u>\$ 3,421,813</u>
Invested in capital assets, net of related debt	354,250
Unrestricted net assets	<u>39,576,254</u>
Total net assets	<u>39,930,504</u>
Total liabilities & net assets	<u>\$ 43,352,317</u>
Condensed statements of activities	
Operating revenues	<u>\$ 39,961,542</u>
Operating expenses:	
Depreciation and amortization	78,134
Other expenses	<u>40,004,853</u>
Total operating expenses	<u>40,082,987</u>
Operating loss	(121,445)
Nonoperating revenues	<u>(740,420)</u>
Net income	(861,865)
Beginning net assets	<u>40,792,369</u>
Ending net assets	<u>\$ 39,930,504</u>
Condensed statements of cash flows	
Net cash (used) provided by:	
Operating activities	\$ 1,613,344
Investing activities	<u>(359,075)</u>
Beginning cash and cash equivalents	<u>23,880,417</u>
Ending cash and cash equivalents	<u>\$ 25,134,686</u>

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. All significant transactions among departments, campuses, and auxiliary units of the System have been eliminated.

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 define 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 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 estimated acquisition value at the date of donation in the case of gifts. Personal property with an original cost of more than \$5,000 and outlays for real property in excess of \$250,000 are considered capital assets.

Generally, the cost of all capital assets other than land, certain inexhaustible improvements to land, and collections of works of art are assigned to expense over a set of useful lives specific to the type of asset, using a straight-line method of depreciation. The range of useful lives used for the major categories of capital assets is:

Infrastructure and land improvements	20 - 25 years
Buildings and improvements	20 - 40 years
Contents	3 - 15 years

Depreciation expense is assigned to operating expense based on the nature and use of the capital asset.

Intangible right-to-use assets recognized under leases and Subscription-Based Information Technology Arrangements are initially recognized at the present value of future cash flows and amortized over the shorter of the lease or subscription term, or the useful life of the underlying asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 Statement of Net Position 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.

Accrued Vacation Costs

Annual leave, including employer-related costs, for employees is accrued and recognized as an operating expense at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked.

Unearned Revenues

Unearned revenue primarily includes amounts received from grants and contracts that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

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 plan terms and provisions. Investments are reported at fair value.

Net Position

The System's resources are required to be classified and reported in the Statement of Net Position in the following categories: (a) Net investment in capital assets: capital assets net of accumulated depreciation and related outstanding debt balances attributable to the acquisition, construction, or improvement of those assets; (b) Restricted nonexpendable: net position restricted by externally imposed stipulations, not available for expenditure; (c) Restricted expendable: net position subject to externally imposed restrictions that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time, and (d) Unrestricted: net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board. 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.

Scholarship Allowances

The System recognizes scholarship allowances as the difference between the stated rates for tuition and fees and auxiliary services and the amount that is paid by the student and third parties on behalf of the student. Stipends and other payments made directly to students are reported as scholarship and fellowship expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires certain note disclosures regarding SBITAs. The System adopted the requirements of the guidance effective July 1, 2022, and applied the provisions of this standard to the beginning of the period of adoption.

In March 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 94, *Public-private and Public-public Partnerships and Availability Payment Arrangements*. This standard defines Public-private, Public-public partnerships, and availability payment arrangements and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. The System adopted the requirements of the guidance effective July 1, 2022, with no financial statement impact as a result of the implementation.

Adjustments to Beginning Net Assets

Beginning net asset balances for the period ended June 30, 2023 for the System's discretely presented component units were increased by \$123,594,270 for the correction of an error. During the period, System management identified three entities for which it is financially accountable that were not previously reported within its reporting entity as component units, in accordance with criteria established by GASB. These three entities, FPI, Pediatrics, and Orthopaedics were included in the System's reporting entity as discretely presented component units as of and for the period ended June 30, 2023. Were these entities included as component units for the period ended June 30, 2022, the total change in net assets for the System's discretely presented component units would have decreased by \$20,887,728 from \$43,748,772 to \$22,861,044 for that period.

Beginning net asset balances for the period ended June 30, 2023 for the System's discretely presented component units were increased by \$22,349,876 for a change in accounting principle. Effective July 1, 2022, the University of Maryland College Park Foundation, Inc. adopted Financial Accounting Standards

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Board Accounting Standards Codification 946, *Financial Services—Investment Companies*. The change in accounting principle resulted in an increase to investments in real estate which were stated at fair value beginning at this date.

Beginning net asset balances for the period ended June 30, 2023 for the System's discretely presented component units were decreased by \$10,443,975 for a change in reporting entity. During the period ended June 30, 2023, the System's management determined that the financial statements of the UMBC Research Park Corporation, Inc., formerly a nonmajor component unit, were not material to the System's financial statements as a whole. These balances were removed from the System's discretely presented component unit financial statements as of and for the period ended June 30, 2023.

The cumulative effect of these adjustments is as follows:

Total component unit net assets as of July 1, 2022	<u>\$2,233,807,147</u>
Cumulative effect of the error correction	123,594,270
Cumulative effect of the change in accounting principle	22,349,876
Cumulative effect of the change in reporting entity	<u>(10,443,975)</u>
Adjusted total component unit net assets as of July 1, 2022	<u><u>\$2,595,682,693</u></u>

3. CASH AND INVESTMENTS

Cash and cash equivalents

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

	<u>2023</u>
Cash and short-term investments on deposit with the State Treasurer	\$3,204,770,051
Demand and time deposits	<u>65,848,445</u>
Total	<u><u>\$3,270,618,496</u></u>

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

As of June 30, 2023, the carrying amount of the System's demand and time deposits was \$65,848,445 and, as compared to bank balances of \$64,772,798. The difference is primarily due to items in-transit. Of the bank balances, \$33,286,227 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 \$31,486,571 was uninsured and uncollateralized.

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.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

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

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

	<u>2023</u>
Money market accounts – endowment fund uninvested cash	\$ 48,649
Money market accounts – unspent proceeds of debt	<u>32,168,778</u>
Total	<u>\$ 32,217,427</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 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 USMF, 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 USMF 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

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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 Statement of Net Position of the System, and Investments on the Statement of Financial Position of the USMF, with a corresponding liability reflecting the fair value of the System's interest in the investment portfolio.

The System discloses investment risks as follows:

Interest rate risk

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

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

Custodial credit risk

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

	2023
Corporate debt	\$ 7,200
Corporate equities	122,985
Assets invested with USMF	<u>445,072,335</u>
Total	<u>\$445,202,520</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
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As of June 30, the net position balances of the fund groups making up the endowment were as follows:

	<u>2023</u>
Pure endowments	\$162,584,118
Funds functioning as endowments	276,583,493
Term endowments	<u>6,034,909</u>
Total	<u>\$445,202,520</u>

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

A spending rule has been adopted by the Board to ensure that endowment funds retain a consistent level of purchasing power over time. The spending rule provides for a target rate of spending of 4.25% 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 \$115,293,423 as of June 30, 2023, 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, and several investments in System-related start-up companies. The carrying value of partnership interests are assessed on an annual basis by reference to the reported value of the university's interest. The investments in University System-related start-up companies are valued at fair value as assessed by a review of the most recent financial statements, or an understanding of the current state of operations.

Allocation of investment income

Investment income is assigned to the accounting funds, including endowments, in proportions associated with investments held by the various accounting funds. For the year ended June 30, 2023 income attributed to unrestricted funds and restricted funds was:

Unrestricted funds	\$125,930,972
Restricted funds	<u>13,323,658</u>
Total	<u><u>\$139,254,630</u></u>

4. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define 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, 2023 the System also holds corporate debt investments of \$7,200 that are classified as level 3 investments, and corporate equity investments of \$122,985 that are classified as level 1 investments.

As of June 30, 2023, System other investments include partnership interests of \$26,226,063 that are classified as level 3 investments. As of June 30, 2023, other investments include mutual funds and short-term securities of \$17,314,456 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
YEAR ENDED JUNE 30, 2023

The following table shows the USMF's investments using the three-level fair value hierarchy as of June 30, 2023:

Investments by fair value level	June 30, 2023	Fair Value Measurements		
		Level 1	Level 2	Level 3
Money market funds and short-term investments	\$ 99,162,000	\$ 99,162,000		
ETF's and mutual funds	226,738,000	226,738,000		
Common stock	12,945,000	12,945,000		
Separately managed accounts	460,834,000		\$ 382,102,000	\$ 78,732,000
Total investments by fair value level	799,679,000	\$ 338,845,000	\$ 382,102,000	\$ 78,732,000
Investments measured at net asset value (NAV)				
Intermediate assets	199,349,000			
Public equity	337,160,000			
Liquid credit	80,465,000			
Diversifying strategies	97,148,000			
Private risk assets	741,342,000			
Total investments measured at NAV	1,455,464,000			
Total investments	2,255,143,000			
Due to other System component units	(1,207,949,000)			
Total USMF investments reported	1,047,194,000			
Due to the System	(445,072,335)			
Total USMF investments	\$ 602,121,665			

System component unit investments managed by the USMF of \$1,207,949,000 were eliminated from the USMF financial statements as of June 30, 2023.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
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Investments measured at net asset value

Private investments measured at NAV consists of investments in partnership-based structures where the general partner or investment manager generally values their investments at fair value. The fair value of these investments has been estimated either by using the NAV per share of the investments or the ownership percentage of the fund's net assets as allowed as a practical expedient under fair value guidance. The private investments offer exposure to intermediate assets, public equity, liquid credit, diversifying strategies and/or private market, through the private investment structure as further discussed within the footnotes.

Due to the limited availability of valuation data as of the USMF's year-end, management utilizes the most recent NAV or ownership percentage which may be on a month to quarter lag. Management adjusts the net asset value or ownership percentage to be more representative of the year-end fair value by including capital contributions, and redemptions or returns of capital during the gap period. Management will also adjust for known performance adjustments for private investments that hold publicly traded securities. Performance adjustments ranged from (1.63)% to 6.08% for those investments on a one-month lag. No performance adjustments are made to investments on a quarter lag given the unobservability of investment performance at the time of report issuance.

USMF believes the carrying value of private investments in the statements of financial position is a reasonable estimate of its ownership interest in the private investment funds. As part of the USMF's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the security's principal markets. Management performs a retroactive review of its fair value estimates by comparing to actual year-end statements received subsequent to year-end.

As of June 30, 2023, unfunded commitments within the private investments measured at NAV equaled approximately \$405 million.

The following table shows FPI's investments using the three-level fair value hierarchy as of June 30, 2023:

Investments by fair value level and NAV	Fair Value Measurements			NAV	Total
	Level 1	Level 2	Level 3		
Cash equivalents	\$ 217,155			\$ 7,377,989	\$ 7,595,144
Corporate bonds				5,708,552	5,708,552
U.S. government and agency securities				20,699,867	20,699,867
Common stocks, preferred stocks and mutual funds	433,806			111,731,879	112,165,685
Total investments by fair value level and NAV	\$ 650,961			\$ 145,518,287	\$ 146,169,248

These investments include the assets limited as to use set aside at the discretion of the board of directors for self-insurance trust arrangements which includes assets of the Maryland Medicine Comprehensive Insurance Program (MMCIP) Self-insurance Trust. These portfolios contain Level 1, Level 2 and alternative investments. As of June 30, 2023, the majority of these investments are subject to 30 day or

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
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less notice requirements and are available to be redeemed on at least a monthly basis

Investments reported at fair value above are reflected in the following components in the consolidated statements of financial position s as of June 30, 2023:

	Assets limited as to use	Investments	Monies held on behalf of others	Total
Cash equivalents	\$ 5,082,012	\$ 1,247,937	\$ 1,265,195	\$ 7,595,144
Corporate bonds	1,643,319	2,872,065	1,193,168	5,708,552
U.S. government and agency bonds	12,874,507	555,397	7,269,963	20,699,867
Common stocks, preferred stocks, and mutual funds	71,648,543	12,459,931	28,057,211	112,165,685
Total	<u>\$ 91,248,381</u>	<u>\$ 17,135,330</u>	<u>\$ 37,785,537</u>	<u>\$ 146,169,248</u>

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

Accounts receivable as of June 30, were comprised of:

	<u>2023</u>
Tuition and fees	\$145,277,856
Contracts and grants	308,753,795
Other	19,027,984
Subtotal	473,059,635
Less: allowance for doubtful accounts receivable	(33,043,333)
Accounts receivable, net	<u>\$440,016,302</u>

Notes receivable as of June 30, were comprised of:

	<u>2023</u>
Student loans	\$ 15,992,900
Business development loans	5,072,258
Subtotal	21,065,158
Less: allowance for doubtful accounts receivable	(8,671,825)
Notes receivable, net	<u>\$ 12,393,333</u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

	<u>2023</u>
Payroll and benefits	\$187,261,097
Suppliers and contractors	166,378,635
Accrued interest payable	10,966,864
Asset retirement obligations	16,848,902
Other	<u>53,173,152</u>
Accounts payable and accrued liabilities	<u><u>\$434,628,650</u></u>

Major component units

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

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

University System of Maryland Foundation, Inc.

<u>Due</u>	<u>Discount Rates</u>	<u>2023</u>
Within one year	Not applicable	\$ 12,172,000
One to five years	9.25%	<u>4,646,000</u>
Subtotal		16,818,000
Less: pledge discount		<u>(1,179,000)</u>
Net contributions receivable		<u><u>\$ 15,639,000</u></u>

University of Maryland, College Park Foundation, Inc.

<u>Due</u>	<u>Discount Rates</u>	<u>2023</u>
Within one year	Not applicable	\$ 83,489,000
Two to five years	6.69%	59,716,000
More than five years	8.25%	<u>1,867,000</u>
Subtotal		145,072,000
Less: allowance for doubtful accounts		(4,642,000)
Less: pledge discount		<u>(5,055,000)</u>
Net contributions receivable		<u><u>\$135,375,000</u></u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

University of Maryland, Baltimore Foundation, Inc.

<u>Due</u>	<u>Discount Rates</u>	<u>2023</u>
Within one year	Not applicable	\$ 19,500,204
One to five years	4.49%	22,552,380
More than five years	4.49%	<u>8,800</u>
Subtotal		42,061,384
Less: allowance for doubtful accounts		(1,696,144)
Less: pledge discount		<u>(2,079,278)</u>
Net contributions receivable		<u><u>\$ 38,285,962</u></u>

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

6. CHANGES IN NET CAPITAL ASSETS

Changes in net capital assets for the year ended June 30, 2023:

	June 30, 2022	GASB 96 Implementation	Additions	Decreases	June 30, 2023
Capital assets being depreciated:					
Infrastructure & land improvements	\$ 564,006,184		\$ 51,058,867	\$ 3,259,148	\$ 611,805,903
Buildings & improvements	9,879,365,119		255,882,166	107,633,008	10,027,614,277
Contents	1,696,900,909		119,981,184	40,566,216	1,776,315,877
Assets acquired with notes payable	27,500,000				27,500,000
Right-to-use equipment under lease agreements	4,357,804		3,724,658	2,001,452	6,081,010
Right-to-use buildings under lease agreements	166,615,112		128,310,983	69,651,650	225,274,445
Right-to-use subscription assets		59,148,229	281,358	15,634	59,413,953
Total capital assets being depreciated	12,338,745,128	59,148,229	559,239,216	223,127,108	12,734,005,465
Less accumulated depreciation and amortization:					
Infrastructure & land improvements	341,304,275		49,316,686	1,961,618	388,659,343
Buildings & improvements	4,099,104,531		263,835,080	72,169,358	4,290,770,253
Contents	1,348,539,769		85,622,132	38,283,984	1,395,877,917
Assets acquired with notes payable	2,750,000				2,750,000
Right-to-use equipment under lease agreements	1,406,363		3,336,862	2,142,544	2,600,681
Right-to-use buildings under lease agreements	33,541,598		72,203,989	57,276,397	48,469,190
Right-to-use subscription assets			13,774,289		13,774,289
Total accumulated depreciation and amortization	5,826,646,536		488,089,038	171,833,901	6,142,901,673
Total capital assets being depreciated, net	6,512,098,592	59,148,229	71,150,178	51,293,207	6,591,103,792
Capital assets not being depreciated:					
Land	190,257,894		27,120,000	7,727,496	209,650,398
Contents	32,640,267		28,850	5,760	32,663,357
Construction in progress	591,740,131		487,317,285	308,811,559	770,245,857
Total capital assets not being depreciated	814,638,292		514,466,135	316,544,815	1,012,559,612
Capital assets, net	\$ 7,326,736,884	\$ 59,148,229	\$ 585,616,313	\$ 367,838,022	\$ 7,603,663,404

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7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

	<u>2023</u>
Unamortized loss on refundings of debt	\$ 4,861,048
Deferred outflows related to asset retirement obligations	11,194,989
Deferred outflows related to the pension liability	<u>314,484,404</u>
Total deferred outflows of resources	<u>\$330,540,441</u>

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

	<u>2023</u>
Public-private partnership receipts	\$246,838,739
Deferred inflows related to leasing activity	13,940,687
Deferred inflows related to the pension liability	<u>116,254,540</u>
Total deferred inflows of resources	<u>\$377,033,966</u>

8. PUBLIC-PRIVATE PARTNERSHIPS FOR STUDENT HOUSING

The System 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
YEAR ENDED JUNE 30, 2023

As of June 30, the following amounts associated with public-private partnerships were reflected on the Statement of Net Position:

	<u>2023</u>
Capital assets, net – Buildings & improvements	\$247,626,748
Deferred service concession arrangement receipts	246,838,739

9. ASSET RETIREMENT OBLIGATIONS

The System owns and operates facilities and equipment subject to certain legal and regulatory requirements to perform asset retirement activities.

A nonpower training nuclear reactor operated at the University of Maryland College Park is subject to statutory and regulatory requirements promulgated by the U.S. Nuclear Regulatory Commission (the NRC) under Title 10 of the Code of Federal Regulations (the CFR). Estimated asset retirement obligations for the reactor are \$14,762,674 as of June 30, 2023. The reactor had a remaining useful life of 16 years as of June 30, 2023.

The University of Maryland College Park is periodically required by the CFR to provide various disclosures to the NRC in order to maintain the operating license for the reactor, including, but not limited to, projected operating costs, projected decommissioning costs, and funding assurances. The University of Maryland College Park was in compliance with all such requirements as of June 30, 2023 and 2022.

The System also owns and operates various equipment assets, including gamma cell irradiators and underground oil tanks, that are also subject to statutory or regulatory asset retirement obligations of individually nominal dollar values. All such assets were fully depreciated as of June 30, 2023 and 2022.

Asset retirement obligations were estimated based upon the historical decommissioning costs of similar assets, stated in current dollars using the Implicit Price Deflator issued by the U.S. Department of Commerce, using current personnel costs, and a contingency factor of 25%.

Total asset retirement obligations of \$16,848,902, as of June 30, 2023, are included in accounts payable and accrued liabilities. The System is financially prepared to fund and satisfy all asset retirement obligations when required.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

10. RESTRICTED NET POSITION

Restricted net position as of June 30, were as follows:

	<u>2023</u>
Nonexpendable	
Scholarships and fellowships	\$ 21,439,572
Research	7,636,977
Other	16,928,834
Total restricted nonexpendable net position	<u>\$ 46,005,383</u>
Expendable	
Scholarships and fellowships	\$ 78,559,144
Research	78,683,998
Loans	22,664,745
Capital projects	4,891,748
Other	33,651,950
Total restricted expendable net position	<u>\$218,451,585</u>

Major component units

Net assets with donor restrictions as of June 30, 2023, were as follows:

	University System of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.
Scholarships & fellowships	\$ 222,172,000	\$ 254,664,939	\$ 88,680,458
Research	25,894,000	34,589,293	18,122,933
Other	189,822,000	696,578,914	317,562,276
Total net assets with donor restrictions	<u>\$ 437,888,000</u>	<u>\$ 985,833,146</u>	<u>\$ 424,365,667</u>

11. 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 lease obligations for real property to no more than \$1,700,000,000.

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

	<u>2023</u>
Revenue Bonds, net	\$1,212,453,572
Other	27,788,241
Revenue bonds and notes payable, net	<u>\$1,240,241,813</u>

Auxiliary Facility and Tuition Revenue Bonds

As of June 30, 2023, Auxiliary Facility and Tuition Revenue Bonds (Revenue Bonds) consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Principal Outstanding</u>
2012 Refunding Series B	3.25%	2024	\$ 2,550,000
2012 Series D	3.00% - 4.00%	2024-2027	28,760,000
2014 Series A	3.00% - 5.00%	2024-2028	36,920,000
2015 Series A	3.00% - 5.00%	2024-2028	30,060,000
2016 Series A	3.00% - 5.00%	2024-2036	105,235,000
2016 Refunding Series B	2.375% - 5.00%	2024-2030	35,690,000
2017 Series A	4.00% - 5.00%	2024-2037	91,360,000
2018 Series A	3.00% - 5.00%	2024-2038	95,455,000
2019 Series A	3.00% - 5.00%	2024-2039	95,775,000
2019 Refunding Series B	5.00%	2024-2029	33,065,000
2019 Refunding Series C	4.00% - 5.00%	2024-2030	87,230,000
2021 Series A	4.00% - 5.00%	2024-2051	211,760,000
2021 Refunding Series B	0.33% - 1.79%	2024-2034	106,285,000
2022 Series A	3.00% - 5.00%	2024-2052	99,635,000
2022 Refunding Series B	5.00%	2024-2026	18,155,000
Subtotal			1,077,935,000
Unamortized discounts and premiums			134,518,572
Revenue Bonds, net			<u>\$ 1,212,453,572</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 future annual debt service on Revenue Bonds. For the current year, principal and interest paid and total tuition and auxiliary facility fees were \$140,010,459 and \$2,521,835,764, respectively.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

As of June 30, 2023, previously issued debt removed from the System's financial statements through advance refunding transactions still outstanding was \$55,000,000.

As of June 30, 2023, cash and cash equivalents and investments restricted by the terms of the Indenture of Trust totaled \$32,168,778.

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, 2023, 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	
2024	\$ 90,770,000	\$ 42,430,471	\$ 4,109,968	\$ 479,427	\$ 137,789,866
2025	83,525,000	38,180,270	1,723,147	412,450	123,840,867
2026	83,715,000	34,323,440	1,435,366	389,327	119,863,133
2027	87,475,000	30,510,745	1,446,795	365,773	119,798,313
2028	85,050,000	26,862,066	1,309,987	341,779	113,563,832
2029 - 2033	324,130,000	88,115,863	6,925,803	1,333,028	420,504,694
2034 - 2038	191,350,000	42,363,525	7,596,463	662,368	241,972,356
2039 - 2043	59,230,000	19,187,800	3,240,712	62,820	81,721,332
2044 - 2048	40,715,000	10,717,100			51,432,100
2049 - 2053	31,975,000	2,550,650			34,525,650
Total	<u>\$1,077,935,000</u>	<u>\$ 335,241,930</u>	<u>\$ 27,788,241</u>	<u>\$ 4,046,972</u>	<u>\$1,445,012,143</u>

12. LEASES

Lessee arrangements

The System leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. Upon inception, the System recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statements. Right-to-use assets acquired through outstanding leases are shown by underlying asset class in Note 6. 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. The leases expire at various dates through 2043.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Total future minimum lease payments under lease agreements as of June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total Payments
2024	\$ 17,894,865	\$ 2,558,683	\$ 20,453,548
2025	16,603,545	1,968,944	18,572,489
2026	11,661,258	1,528,068	13,189,326
2027	9,156,995	1,215,235	10,372,230
2028	9,525,627	1,532,251	11,057,878
2029 - 2033	18,845,978	1,594,208	20,440,186
2034 - 2038	3,569,063	710,224	4,279,287
2039 - 2043	2,360,195	238,661	2,598,856
Total	\$ 89,617,526	\$ 11,346,274	\$ 100,963,800

Lessor

The System, acting as lessor, leases land and buildings under long-term, non-cancelable lease agreements. The System recognized a lease receivable and a deferred inflow of resources in its financial statements. The leases expire at various dates and provide for renewal options. During the year ended June 30, 2023, the System recognized \$12,583,387 and \$974,640 in lease revenue and interest revenue, respectively, pursuant to these contracts.

13. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The System has entered into contracts granting the System the right to use vendor-provided information technology for various terms under long-term, non-cancelable subscription agreements, referred to as Subscription-Based Information Technology Arrangements (SBITAs). Upon inception, the System recognizes a liability and an intangible right-to-use asset in its financial statements. Right-to-use assets acquired through SBITAs are shown with related accumulated depreciation in Note 6. Many of the subscriptions 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. The subscriptions expire at various dates through 2033.

Total future minimum subscription payments under SBITAs as of June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total Payments
2024	\$ 14,520,081	\$ 1,150,937	\$ 15,671,018
2025	10,872,346	870,984	11,743,330
2026	5,506,021	539,075	6,045,096
2027	3,784,479	351,905	4,136,384
2028	2,165,308	249,594	2,414,902
2029 - 2033	6,133,589	389,554	6,523,143
Total	\$ 42,981,824	\$ 3,552,049	\$ 46,533,873

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

14. AUXILIARY ENTERPRISES

Auxiliary enterprises revenues for the year ended June 30, 2023 were as follows:

	<u>2023</u>	
Residential facilities	\$215,887,920	
Less: scholarship allowances	<u>(16,520,371)</u>	\$199,367,549
Dining facilities	150,819,587	
Less: scholarship allowances	<u>(8,663,551)</u>	142,156,036
Intercollegiate athletics	154,888,205	
Less: scholarship allowances	<u>(8,510,515)</u>	146,377,690
Bookstore	14,874,198	
Less: scholarship allowances	<u>(2,174,553)</u>	12,699,645
Parking facilities	42,664,914	
Less: scholarship allowances	<u>(157,119)</u>	42,507,795
Other	166,037,955	
Less: scholarship allowances	<u>(456,638)</u>	165,581,317
Total auxiliary enterprises revenues		<u><u>\$708,690,032</u></u>

Auxiliary enterprises expenses for the year ended June 30, 2023 were as follows:

	<u>2023</u>
Residential facilities	\$191,683,735
Dining facilities	144,142,417
Intercollegiate athletics	168,220,152
Bookstore	14,695,038
Parking facilities	27,324,429
Other	<u>159,279,496</u>
Total auxiliary enterprises expenses	<u><u>\$705,345,267</u></u>

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

15. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2023, were as follows:

	June 30, 2022	Additions	Decreases	June 30, 2023	Due Within One Year
Accrued vacation costs	\$ 311,886,310	\$ 153,397,805	\$ 144,382,924	\$ 320,901,191	\$ 135,247,076
Accrued workers' compensation	30,149,000	4,368,275	5,502,275	29,015,000	4,352,250
Revenue bonds and notes payable, net	1,351,807,447		111,565,634	1,240,241,813	94,879,968
Obligations under subscription arrangements		59,148,229	16,166,405	42,981,824	14,520,081
Obligations under lease agreements	101,116,692	13,724,208	25,223,374	89,617,526	17,894,865
Net pension liability	977,354,142	327,565,496		1,304,919,638	
Total long-term liabilities	\$ 2,772,313,591	\$ 558,204,013	\$ 302,840,612	\$ 3,027,676,992	\$ 266,894,240

16. OPERATING EXPENSES BY OBJECT

The System reports operating expenses in the Statement of Revenues, Expenses and Changes in Net Position by program category. Operating expenses, grouped by object classification for the year ended June 30, 2023 were as follows:

	2023			Total
	Employee	Payments to Suppliers, Contractors and Others	Depreciation and Amortization	
Instruction	\$ 1,369,283,113	\$ 153,019,085	\$ 78,126,036	\$ 1,600,428,234
Research	772,277,969	435,480,900	36,197,828	1,243,956,697
Public service	450,607,067	116,349,440	6,286,610	573,243,117
Academic support	407,242,888	108,041,163	43,241,001	558,525,052
Student services	230,279,396	117,497,016	10,346,442	358,122,854
Institutional support	475,444,677	112,636,925	29,076,268	617,157,870
Operation and maintenance of plant	174,235,312	197,042,566	97,468,547	468,746,425
Scholarships and fellowships	9,745,843	127,355,936		137,101,779
Auxiliary enterprises:				
Residential facilities	58,031,860	65,146,185	68,505,690	191,683,735
Dining facilities	51,718,096	83,909,761	8,514,560	144,142,417
Intercollegiate athletics	82,655,340	71,930,115	13,634,697	168,220,152
Bookstore	3,814,640	10,876,926	3,472	14,695,038
Parking facilities	12,640,343	8,342,317	6,341,769	27,324,429
Other auxiliary enterprises	66,717,900	56,901,001	35,660,595	159,279,496
Total	\$ 4,164,694,444	\$ 1,664,529,336	\$ 433,403,515	\$ 6,262,627,295

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17. 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 (ERS) of the State of Maryland. 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/

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 average final compensation (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 active employees and the participating governmental units and may be amended by the MSRPS Board. Members of the ERS are required to 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 rates are based on annual actuarial valuations using the individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the MSRPS Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability. 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 required contribution for the year ended June 30, 2023 was \$166,335,516 and was 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, 2023 the System reported a liability of \$1,304,919,638 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2023 and 2022, the System's proportion for the net pension liability was 7.00% and 7.01%, respectively.

For the year ended June 30, 2023 the System recognized pension expense of \$112,097,320. As of June 30, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$145,276,141	\$ 12,471,282
Net difference between projected and actual earnings on pension plan investments		6,773,084
Contributions made subsequent to the measurement date	166,335,516	
Change in proportionate share	2,872,747	4,442,535
Difference between actual and expected experience		92,567,639
Total	<u>\$314,484,404</u>	<u>\$116,254,540</u>

The System reported \$166,335,516 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, 2024.

UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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:

Years ending June 30,	Deferred outflows	Deferred inflows
2024	\$ 42,801,040	\$ 54,854,859
2025	41,585,418	52,895,775
2026	41,585,418	71,411,220
2027	21,861,858	68,333,987
2028	315,154	5,426,673
Total	<u>\$148,148,888</u>	<u>\$116,254,540</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:

<https://sra.maryland.gov/annual-financial-reports>

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 7.00 percent is \$1,304,919,638. The System's proportionate share of the net pension liability, if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) is \$2,002,161,898, or 1-percentage-point higher (8.00 percent) is \$726,370,125.

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 percent 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. Payroll for employees covered in the ORP for the year ended June 30, 2023, was \$1,652,257,539.

The amount contributed by the System for employees participating in the ORP for the year ended June 30, 2023 was \$119,788,672.

Major Component Units

The USMF maintains a defined contribution plan for certain personnel provided by TIAA-CREF. The USMF contributes 7.25 percent 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 year ended June 30, 2023, was approximately \$318,000.

18. 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

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.

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, 2023, 2022, and 2021. The amount contributed for the years ended June 30, 2023, 2022, and 2021 was \$122,470,987, \$104,579,077, and \$89,821,855 respectively.

19. CONSTRUCTION COMMITMENTS

The estimated costs to complete construction in progress as of June 30, 2023 is \$397,808,000 of which \$64,049,000 is to be funded from Revenue Bond proceeds, \$269,367,000 is to be derived from State capital appropriations and grants, and \$64,392,000 to be provided from System funds.

20. 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, 2023, the System had entered into open contracts for the purchase of \$13,208,765 of natural gas to be delivered through June 2024. Future purchase commitments for electricity to be supplied through June 2024 totaled \$36,684,568 as of June 30, 2023. The System and its institutions generally take delivery of the natural gas and electricity purchased through future purchase contracts.

The System receives support from federal and state grant programs, primarily for student financial assistance and research activities. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. As of June 30, 2023, the System estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the accompanying financial statements.

The System is involved in a number of legal actions that arise in the normal course of its operations. Management is not aware of any legal actions that will have a material adverse effect on the System's financial position.

21. 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

UNIVERSITY SYSTEM OF MARYLAND

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal year ended June 30, 2023. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2023, 2022, or 2021. As of June 30, 2023, the System has recorded \$29,015,000 in liabilities associated with workers' compensation, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

UNIVERSITY SYSTEM OF MARYLAND

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY

	2023	2022	2021	2020	2019	2018	2017	2016	2015
The System's proportion of the net pension liability	7.000%	7.010%	6.610%	6.610%	6.660%	5.540%	5.580%	5.120%	4.049%
The System's proportionate share of the net pension liability	\$1,304,919,638	\$ 977,354,142	\$1,395,144,942	\$1,275,563,402	\$1,309,998,345	\$1,130,058,957	\$1,216,808,542	\$ 966,400,173	\$ 718,516,394
The System's covered-employee payroll	727,658,096	728,386,990	641,284,925	663,610,683	643,954,572	640,734,064	602,991,802	625,011,000	620,592,872
The System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	179%	134%	218%	192%	203%	175%	190%	160%	115%
Plan fiduciary net position as a percentage of the total pension liability	76.30%	82.00%	70.70%	72.34%	71.18%	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 TO THE TEACHERS PENSION SYSTEM AND THE EMPLOYEES RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 166,335,513	\$ 148,933,334	\$ 149,169,018	\$ 140,862,090	\$ 127,554,617	\$ 124,482,282	\$ 127,341,536	\$ 108,699,493	\$ 107,709,938
Contributions in relation to the contractually required contribution	(166,335,513)	(148,933,334)	(149,169,018)	(140,862,090)	(127,554,617)	(124,482,282)	(127,341,536)	(108,699,493)	(107,709,938)
Contribution deficiency (excess)	None	None	None	None	None	None	None	None	None
The System's covered-employee payroll	\$ 810,901,858	\$ 727,658,096	\$ 728,386,990	\$ 641,284,925	\$ 663,610,683	\$ 643,954,572	\$ 640,734,064	\$ 602,991,802	\$ 625,011,000
Contributions as a percentage of covered-employee payroll	20.51%	20.47%	20.48%	21.97%	19.22%	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.

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 122,470,987	\$ 104,579,077	\$ 89,821,855	\$ 86,698,017	\$ 87,680,958	\$ 74,945,815	\$ 96,216,009
Contributions in relation to the statutorily required contribution	(122,470,987)	(104,579,077)	(89,821,855)	(86,698,017)	(87,680,958)	(74,945,815)	(96,216,009)
Contribution deficiency (excess)	None	None	None	None	None	None	None
The System's covered-employee payroll	\$2,192,816,482	\$2,189,042,706	\$2,003,657,367	\$1,936,933,552	\$1,916,898,172	\$1,884,516,905	\$1,884,516,905
Contributions as a percentage of covered-employee payroll	5.59%	4.78%	4.10%	4.33%	4.53%	3.91%	5.11%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

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SUPPLEMENTARY DATA

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 556,945,485	\$ 73,614,366
Accounts receivable, net	102,201,884	44,597,003
Leases receivable, current portion, net	536,056	
Notes receivable, current portion, net	770,755	
Inventories	111,567	
Prepaid expenses and other	254,347	119,179,673
Inter-institutional balances	27,410,289	
Total current assets	688,230,383	237,391,042
Noncurrent assets		
Accounts receivable, net		19,895,630
Endowment investments	137,864,972	352,452,423
Other investments	3,849,424	253,021,771
Leases receivable, net	2,169,350	
Notes receivable, net	6,883,246	
Other assets		103,586,643
Capital assets, net	866,999,997	45,353,117
Total noncurrent assets	1,017,766,989	774,309,584
Total assets	1,705,997,372	1,011,700,626
DEFERRED OUTFLOWS OF RESOURCES		
	68,096,143	
Total assets and deferred outflows of resources	\$ 1,774,093,515	\$ 1,011,700,626
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 79,383,603	\$ 175,102,331
Accrued workers' compensation, current portion	1,353,750	
Accrued vacation costs, current portion	53,211,255	
Obligations under subscription arrangements, current portion	1,332,854	
Obligations under lease arrangements, current portion	3,614,894	6,427,371
Revenue bonds and notes payable, current portion	6,905,322	840,000
Unearned revenues	107,508,698	626,272
Total current liabilities	253,310,376	182,995,974
Noncurrent liabilities		
Accrued workers' compensation	7,671,250	
Accrued vacation costs	65,003,142	
Endowments invested on behalf of primary government		137,864,972
Other payables		33,308,052
Obligations under subscription arrangements	2,004,002	
Obligations under lease arrangements	4,408,842	18,461,942
Revenue bonds and notes payable	51,892,360	6,092,218
Net pension liability	281,800,437	
Total noncurrent liabilities	412,780,033	195,727,184
Total liabilities	666,090,409	378,723,158
DEFERRED INFLOWS OF RESOURCES		
	41,990,116	
NET POSITION		
Unrestricted	189,303,477	189,791,146
Net investment in capital assets	779,936,285	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	11,062,487	
Research	4,039,391	
Other	10,298,255	
Expendable:		
Scholarships and fellowships	32,183,954	
Research	8,167,663	
Loans	11,897,914	
Other	19,123,564	
Net assets with donor restrictions		443,186,322
Total net position	1,066,012,990	632,977,468
Total liabilities, deferred inflows of resources and net position	\$ 1,774,093,515	\$ 1,011,700,626

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 174,953,629	
Less: scholarship allowances	<u>(39,344,336)</u>	\$ 135,609,293
Federal grants and contracts	319,304,066	
State and local grants and contracts	116,416,310	
Nongovernmental grants and contracts	116,207,126	
Sales and services of educational departments	369,592,892	
Auxiliary enterprises:		
Residential facilities	2,323,912	
Parking facilities	13,727,600	
Other auxiliary enterprises revenues	<u>14,057,196</u>	
Total operating revenues	<u>1,087,238,395</u>	
OPERATING EXPENSES		
Instruction	222,857,470	
Research	448,573,783	
Public service	389,076,784	
Academic support	70,196,315	
Student services	15,037,562	
Institutional support	111,210,983	
Operation and maintenance of plant	109,284,967	
Scholarships and fellowships	436,876	
Auxiliary enterprises:		
Residential facilities	3,211,553	
Parking facilities	8,302,330	
Other auxiliary enterprises expenses	<u>13,779,774</u>	
Total operating expenses	<u>1,391,968,397</u>	
Operating loss	<u>(304,730,002)</u>	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	326,861,990	
Pell grants	1,268,455	
Other nonoperating grants		
Gifts	22,719,541	\$ 88,458,253
Investment income	25,510,877	30,217,811
Less: investment expense	<u>(612,844)</u>	24,898,033
Interest on indebtedness	(1,612,560)	
Other revenues, (expenses), gains and (losses)	(453,640)	
Other affiliated foundation revenues		123,193,762
Other affiliated foundation expenses		(195,288,273)
Transfers (to) other University System of Maryland institutions	<u>(7,497,846)</u>	
Total nonoperating revenues	<u>366,183,973</u>	<u>46,581,553</u>
Income before other revenues	<u>61,453,971</u>	<u>46,581,553</u>
OTHER REVENUES		
Capital appropriations	17,269,861	
Capital gifts and grants	207,541	
Additions to endowments	<u>58,373</u>	
Total other revenues	<u>17,535,775</u>	
Increase in net position	78,989,746	46,581,553
Net position - beginning of year	987,023,244	462,801,645
Cumulative effect of an error correction		<u>123,594,270</u>
Net position - end of year	<u>\$1,066,012,990</u>	<u>\$ 632,977,468</u>

UNIVERSITY OF MARYLAND, BALTIMORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 136,511,226
Research contracts and grants	546,514,344
Payments to employees	(1,020,871,539)
Payments to suppliers and contractors	(313,210,275)
Loans issued to students	(738,546)
Collection of loans to students	1,307,006
Student direct lending payments	(145,387,139)
Student direct lending receipts	145,387,139
Auxiliary enterprises:	
Residential facilities	571,945
Parking facilities	13,727,600
Other	14,057,196
Other receipts	<u>412,542,351</u>
Net cash provided (used) by operating activities	<u>(209,588,692)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	326,861,990
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	58,373
Pell grants	<u>1,268,455</u>
Net cash provided by noncapital financing activities	<u>328,188,818</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	17,269,861
Proceeds from sales of capital assets	5,550
Purchases of capital assets	(74,464,326)
Principal paid on debt and leases	(12,801,230)
Interest paid on debt and leases	(2,627,780)
Transfers (to) other University System of Maryland institutions	<u>(28,407,706)</u>
Net cash provided (used) by capital and related financing activities	<u>(101,025,631)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	5,447,144
Interest on investments	18,007,150
Investment expense	(612,844)
Purchases of investments	<u>(3,283,823)</u>
Net cash provided by investing activities	<u>19,557,627</u>
Net increase in cash and cash equivalents	37,132,122
Cash and cash equivalents - beginning of year	<u>519,813,363</u>
Cash and cash equivalents - end of year	<u>\$ 556,945,485</u>

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 955,274,252	\$ 54,260,557
Accounts receivable, net	157,146,708	80,856,380
Leases receivable, current portion, net	2,384,644	
Notes receivable, current portion, net	1,454,720	
Inventories	3,055,449	
Prepaid expenses and other	2,478,395	97,372
Inter-institutional balances	32,269,542	
Total current assets	1,154,063,710	135,214,309
Noncurrent assets		
Restricted cash and cash equivalents	284,198	
Accounts receivable, net		54,896,721
Endowment investments	216,221,821	809,472,655
Other investments	16,047,244	398,930,959
Leases receivable, net	3,543,442	
Notes receivable, net	1,284,685	
Other assets		6,363,791
Capital assets, net	2,532,316,609	5,124,553
Total noncurrent assets	2,769,697,999	1,274,788,679
Total assets	3,923,761,709	1,410,002,988
DEFERRED OUTFLOWS OF RESOURCES	117,256,410	
Total assets and deferred outflows of resources	\$ 4,041,018,119	\$ 1,410,002,988
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 160,738,133	\$ 364,785
Accrued workers' compensation, current portion	1,815,750	
Accrued vacation costs, current portion	28,109,148	
Obligations under subscription arrangements, current portion	5,644,326	
Obligations under lease arrangements, current portion	10,412,314	
Revenue bonds and notes payable, current portion	31,788,019	
Unearned revenues	196,017,182	3,596,201
Total current liabilities	434,524,872	3,960,986
Noncurrent liabilities		
Accrued workers' compensation	10,289,250	
Accrued vacation costs	86,725,138	
Endowments invested on behalf of primary government		216,214,621
Other payables		4,547,781
Obligations under subscription arrangements	8,552,387	
Obligations under lease arrangements	47,584,440	
Revenue bonds and notes payable	391,619,256	
Net pension liability	438,847,935	
Total noncurrent liabilities	983,618,406	220,762,402
Total liabilities	1,418,143,278	224,723,388
DEFERRED INFLOWS OF RESOURCES	128,787,275	
NET POSITION		
Unrestricted	409,796,469	75,290,927
Net investment in capital assets	1,946,358,862	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	9,142,261	
Research	3,597,586	
Other	5,169,124	
Expendable:		
Scholarships and fellowships	39,738,629	
Research	67,185,376	
Loans	4,210,491	
Other	8,888,768	
Net assets with donor restrictions		1,109,988,673
Total net position	2,494,087,566	1,185,279,600
Total liabilities, deferred inflows of resources and net position	\$ 4,041,018,119	\$ 1,410,002,988

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 688,489,865	
Less: scholarship allowances	<u>(131,791,634)</u>	\$ 556,698,231
Federal grants and contracts		495,031,577
State and local grants and contracts		66,744,007
Nongovernmental grants and contracts		154,392,113
Sales and services of educational departments		27,662,102
Auxiliary enterprises:		
Residential facilities	89,480,441	
Less: scholarship allowances	<u>(5,634,858)</u>	83,845,583
Dining facilities	70,916,931	
Less: scholarship allowances	<u>(1,712,945)</u>	69,203,986
Intercollegiate athletics		100,992,892
Parking facilities		15,919,074
Other auxiliary enterprises revenues		59,018,527
Other operating revenues		<u>45,728,696</u>
Total operating revenues		<u>1,675,236,788</u>
OPERATING EXPENSES		
Instruction		686,009,444
Research		616,748,198
Public service		99,586,795
Academic support		235,827,246
Student services		76,812,237
Institutional support		154,576,537
Operation and maintenance of plant		141,305,711
Scholarships and fellowships		37,027,496
Auxiliary enterprises:		
Residential facilities		89,837,470
Dining facilities		73,292,941
Intercollegiate athletics		106,170,016
Parking facilities		8,033,194
Other auxiliary enterprises expenses		<u>66,720,110</u>
Total operating expenses		<u>2,391,947,395</u>
Operating loss		<u>(716,710,607)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		759,629,441
Pell grants		30,911,260
Other nonoperating grants		
Gifts		39,623,835
Investment income	48,947,458	\$ 152,735,429
Less: investment expense	<u>(892,191)</u>	47,138,268
Interest on indebtedness		(13,407,783)
Other revenues, (expenses), gains and (losses)		(9,038,691)
Other affiliated foundation revenues		6,193,137
Other affiliated foundation expenses		(75,496,077)
Transfers from other University System of Maryland institutions		<u>(1,952,004)</u>
Total nonoperating revenues		<u>130,570,757</u>
Income before other revenues		<u>137,110,718</u>
OTHER REVENUES		
Capital appropriations		74,482,672
Capital gifts and grants		11,279,797
Additions to endowments		<u>114,686</u>
Total other revenues		<u>85,877,155</u>
Increase in net position		130,570,757
Net position - beginning of year		1,032,358,967
Cumulative effect of a change in accounting principle		<u>22,349,876</u>
Net position - end of year	<u>\$ 2,494,087,566</u>	<u>\$ 1,185,279,600</u>

**UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 555,781,186
Research contracts and grants	667,898,285
Payments to employees	(1,665,623,346)
Payments to suppliers and contractors	(560,791,590)
Collection of loans to students	677,560
Student direct lending payments	(119,739,922)
Student direct lending receipts	119,739,922
Auxiliary enterprises:	
Residential facilities	76,135,467
Dining facilities	69,203,986
Intercollegiate athletics	103,868,156
Parking facilities	15,919,074
Other	59,415,142
Other receipts	91,663,373
	<u>91,663,373</u>
Net cash provided (used) by operating activities	<u>(585,852,707)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	759,629,441
Gifts and grants received for other than capital purposes:	
Private gifts for endowment purposes	114,686
Pell grants	30,911,260
	<u>30,911,260</u>
Net cash provided by noncapital financing activities	<u>790,655,387</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	74,482,672
Capital grants and gifts received	11,279,797
Proceeds from sales of capital assets	
Purchases of capital assets	(250,445,575)
Principal paid on debt and leases	(40,544,407)
Interest paid on debt and leases	(18,941,662)
Transfers from other University System of Maryland institutions	11,979,786
	<u>11,979,786</u>
Net cash provided (used) by capital and related financing activities	<u>(212,189,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	7,460,821
Interest on investments	34,897,232
Investment expense	(892,191)
Purchases of investments	(115,669)
	<u>(115,669)</u>
Net cash provided by investing activities	<u>41,350,193</u>
Net increase in cash and cash equivalents	33,963,484
Cash and cash equivalents - beginning of year	<u>921,594,966</u>
Cash and cash equivalents - end year	<u>\$ 955,558,450</u>

**BOWIE STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 94,701,750	\$ 6,366,903
Accounts receivable, net	25,460,737	84,860
Notes receivable, current portion, net	33,501	
Inter-institutional balances	21,891,953	
Total current assets	142,087,941	6,451,763
Noncurrent assets		
Accounts receivable, net		4,233,019
Endowment investments	2,811,035	42,883,380
Other investments		2,811,035
Notes receivable, net	257,841	
Capital assets, net	380,192,448	
Total noncurrent assets	383,261,324	49,927,434
Total assets	525,349,265	56,379,197
DEFERRED OUTFLOWS OF RESOURCES		
	9,027,050	
Total assets and deferred outflows of resources	\$ 534,376,315	\$ 56,379,197
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 20,286,990	\$ 1,881,753
Accrued workers' compensation, current portion	129,600	
Accrued vacation costs, current portion	2,022,384	
Revenue bonds and notes payable, current portion	2,490,815	
Unearned revenues	29,423,167	
Total current liabilities	54,352,956	1,881,753
Noncurrent liabilities		
Accrued workers' compensation	734,400	
Accrued vacation costs	2,326,653	
Endowments invested on behalf of primary government		2,811,035
Revenue bonds and notes payable	28,463,068	
Net pension liability	36,470,088	
Total noncurrent liabilities	67,994,209	2,811,035
Total liabilities	122,347,165	4,692,788
DEFERRED INFLOWS OF RESOURCES		
	67,671,796	
NET POSITION		
Unrestricted	59,060,676	25,807,628
Net investment in capital assets	284,906,638	
Restricted:		
Expendable:		
Loans	390,040	
Net assets with donor restrictions		25,878,781
Total net position	344,357,354	51,686,409
Total liabilities, deferred inflows of resources and net position	\$ 534,376,315	\$ 56,379,197

BOWIE STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 47,368,303	
Less: scholarship allowances	(20,663,869)	\$ 26,704,434
Federal grants and contracts		18,796,692
State and local grants and contracts		840,404
Nongovernmental grants and contracts		498,273
Sales and services of educational departments		31,124
Auxiliary enterprises:		
Residential facilities	8,092,374	
Less: scholarship allowances	(839,747)	7,252,627
	9,073,315	
Dining facilities	(1,739,313)	7,334,002
Less: scholarship allowances		
	4,551,768	
Intercollegiate athletics	(563,505)	3,988,263
Less: scholarship allowances		
Parking facilities		304,436
Other auxiliary enterprises revenues		11,276,310
Other operating revenues		39,106
Total operating revenues		77,065,671
OPERATING EXPENSES		
Instruction		49,203,650
Research		2,123,784
Public service		956,736
Academic support		33,763,576
Student services		17,702,124
Institutional support		25,504,012
Operation and maintenance of plant		23,390,135
Scholarships and fellowships		7,194,956
Auxiliary enterprises:		
Residential facilities		8,971,577
Dining facilities		10,433,933
Intercollegiate athletics		5,092,256
Other auxiliary enterprises expenses		6,030,480
Total operating expenses		190,367,219
Operating loss		(113,301,548)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		72,755,092
Pell grants		13,709,633
Other nonoperating grants		24,244,792
Gifts		\$ 13,996,923
Investment income	3,184,613	2,040,999
Less: investment expense	(7,887)	3,176,726
Interest on indebtedness		(585,820)
Other revenues, (expenses), gains and (losses)		
Other affiliated foundation revenues		358,989
Other affiliated foundation expenses		(9,464,013)
Transfers from other University System of Maryland institutions		(848,148)
Total nonoperating revenues (expenses)		112,452,275
Income (loss) before other revenues		(849,273)
OTHER REVENUES		
Capital appropriations		58,865,720
Total other revenues		58,865,720
Increase in net position		58,016,447
Net position - beginning of year		286,340,907
Net position - end of year		\$ 344,357,354
		\$ 51,686,409

**BOWIE STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 25,265,251
Research contracts and grants	20,545,907
Payments to employees	(90,820,319)
Payments to suppliers and contractors	(83,923,712)
Collection of loans to students	22,607
Student direct lending payments	(31,656,341)
Student direct lending receipts	31,656,341
Auxiliary enterprises:	
Residential facilities	4,103,430
Dining facilities	7,334,002
Intercollegiate athletics	3,988,263
Parking facilities	304,436
Other	11,276,310
Other receipts (payments)	<u>20,029,946</u>
Net cash provided (used) by operating activities	<u>(81,873,879)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	72,755,092
Pell grants	13,709,633
Other nonoperating grants	<u>24,244,792</u>
Net cash provided by noncapital financing activities	<u>110,709,517</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	58,865,720
Purchases of capital assets	(58,655,778)
Principal paid on debt and leases	(2,899,888)
Interest paid on debt and leases	(1,086,344)
Transfers from other University System of Maryland institutions	<u>(23,617,240)</u>
Net cash provided (used) by capital and related financing activities	<u>(27,393,530)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	117,411
Interest on investments	3,018,572
Investment expense	<u>(7,887)</u>
Net cash provided by investing activities	<u>3,128,096</u>
Net increase in cash and cash equivalents	4,570,204
Cash and cash equivalents - beginning of year	<u>90,131,546</u>
Cash and cash equivalents - end of year	<u>\$ 94,701,750</u>

**TOWSON UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 260,356,639	\$ 4,592,271
Accounts receivable, net	16,671,724	159,143
Leases receivable, current portion, net	27,565	
Notes receivable, current portion, net	595,017	
Inventories	3,754,750	
Prepaid expenses and other	5,104,523	224,449
Inter-institutional balances	59,800,120	
Total current assets	346,310,338	4,975,863
Noncurrent assets		
Restricted cash and cash equivalents	48,649	
Accounts receivable, net		6,492,454
Endowment investments	10,159,263	100,548,813
Other investments		10,036,278
Leases receivable, net	1,231,635	
Notes receivable, net	438,620	
Capital assets, net	1,195,154,740	2,270
Total noncurrent assets	1,207,032,907	117,079,815
Total assets	1,553,343,245	122,055,678
DEFERRED OUTFLOWS OF RESOURCES		
	34,892,888	
Total assets and deferred outflows of resources	\$ 1,588,236,133	\$ 122,055,678
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 51,534,877	\$ 3,276,181
Accrued workers' compensation, current portion	273,750	
Accrued vacation costs, current portion	11,188,304	
Obligations under subscription arrangements, current portion	1,312,428	
Revenue bonds and notes payable, current portion	25,334,346	
Unearned revenues	70,269,222	
Total current liabilities	159,912,927	3,276,181
Noncurrent liabilities		
Accrued workers' compensation	1,551,250	
Accrued vacation costs	3,091,727	
Endowments invested on behalf of primary government		10,036,278
Obligations under subscription arrangements	1,644,340	
Revenue bonds and notes payable	349,618,656	
Net pension liability	132,335,884	
Total noncurrent liabilities	488,241,857	10,036,278
Total liabilities	648,154,784	13,312,459
DEFERRED INFLOWS OF RESOURCES		
	37,669,753	
NET POSITION		
Unrestricted	103,190,729	4,163,468
Net investment in capital assets	791,575,496	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	265,025	
Expendable:		
Scholarships and fellowships	88,170	
Research	3,264,380	
Loans	924,097	
Other	3,103,699	
Net assets with donor restrictions	104,579,751	104,579,751
Total net position	902,411,596	108,743,219
Total liabilities, deferred inflows of resources and net position	\$ 1,588,236,133	\$ 122,055,678

TOWSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 175,104,544	
Less: scholarship allowances	<u>(54,292,282)</u>	\$ 120,812,262
Federal grants and contracts		7,961,145
State and local grants and contracts		3,584,142
Nongovernmental grants and contracts		5,419,216
Sales and services of educational departments		4,766,722
Auxiliary enterprises:		
Residential facilities	39,258,621	
Less: scholarship allowances	<u>(1,327,292)</u>	37,931,329
Dining facilities	26,719,241	
Less: scholarship allowances	<u>(652,252)</u>	26,066,989
Intercollegiate athletics	21,422,113	-
Less: scholarship allowances	5,792,968	15,629,145
Bookstore	6,169,894	
Less: scholarship allowances	<u>(2,064,391)</u>	4,105,503
Parking facilities	8,330,404	
Less: scholarship allowances		8,330,404
Other auxiliary enterprises revenues		<u>38,948,906</u>
Total operating revenues		<u>273,555,763</u>
OPERATING EXPENSES		
Instruction		160,043,437
Research		6,435,596
Public service		8,225,072
Academic support		47,018,549
Student services		31,020,734
Institutional support		67,515,620
Operation and maintenance of plant		36,804,487
Scholarships and fellowships		13,596,908
Auxiliary enterprises:		
Residential facilities		28,133,447
Dining facilities		23,260,764
Intercollegiate athletics		20,676,213
Bookstore		6,084,731
Parking facilities		7,508,250
Other auxiliary enterprises expenses		<u>36,020,335</u>
Total operating expenses		<u>492,344,143</u>
Operating loss		<u>(218,788,380)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		179,883,214
Pell grants		29,574,386
Other nonoperating grants		
Gifts		972,679
Investment income	10,159,731	\$ 7,721,380
Less: investment expense	<u>(26,402)</u>	7,120,029
Interest on indebtedness		(10,621,367)
Other revenues, (expenses), gains and (losses)		1,122,191
Other affiliated foundation revenues		1,096,088
Other affiliated foundation expenses		(9,193,775)
Transfers from other University System of Maryland institutions		<u>471,272</u>
Total nonoperating revenues (expenses)		<u>211,535,704</u>
Income (loss) before other revenues		<u>(7,252,676)</u>
OTHER REVENUES		
Capital appropriations		75,017,315
Capital gifts and grants		<u>165,164</u>
Total other revenues		<u>75,182,479</u>
Increase (decrease) in net position		<u>67,929,803</u>
Net position - beginning of year		<u>834,481,793</u>
Net position - end of year		<u><u>\$ 902,411,596</u></u>
		<u><u>\$ 108,743,219</u></u>

**TOWSON UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 120,449,542
Research contracts and grants	15,925,997
Payments to employees	(302,382,164)
Payments to suppliers and contractors	(123,018,407)
Collection of loans to students	1,073,823
Student direct lending payments	(88,666,651)
Student direct lending receipts	88,666,651
Auxiliary enterprises:	
Residential facilities	34,971,373
Dining facilities	24,951,647
Intercollegiate athletics	15,929,594
Bookstores	3,632,765
Parking facilities	8,192,036
Other	35,823,364
Other receipts	<u>7,887,260</u>
Net cash provided (used) by operating activities	<u>(156,563,170)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	216,612,792
Pell grants	<u>29,574,386</u>
Net cash provided by noncapital financing activities	<u>246,187,178</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	75,174,479
Purchases of capital assets	(128,555,284)
Principal paid on debt and leases	(31,400,153)
Interest paid on debt and leases	(14,001,747)
Transfers from other University System of Maryland institutions	<u>(18,042,132)</u>
Net cash provided (used) by capital and related financing activities	<u>(116,824,837)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	417,208
Interest on investments	9,947,433
Investment expense	<u>(26,402)</u>
Net cash provided by investing activities	<u>10,338,239</u>
Net increase in cash and cash equivalents	(16,862,590)
Cash and cash equivalents - beginning of year	<u>277,267,878</u>
Cash and cash equivalents - end of year	<u>\$ 260,405,288</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,108,564	
Accounts receivable, net	8,471,354	\$ 2,006,941
Notes receivable, current portion, net	32,623	
Prepaid expenses and other	892,453	
Inter-institutional balances	9,147,456	
Total current assets	22,652,450	2,006,941
Noncurrent assets		
Accounts receivable, net		1,317,192
Endowment investments	8,478,945	60,019,109
Other investments		8,581,860
Notes receivable, net	92,236	
Capital assets, net	288,004,256	3,488
Total noncurrent assets	296,575,437	69,921,649
Total assets	319,227,887	71,928,590
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	\$ 329,188,404	\$ 71,928,590
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,078,611	\$ 89,675
Accrued workers' compensation, current portion	109,950	
Accrued vacation costs, current portion	2,806,023	
Obligations under subscription arrangements, current portion	348,480	
Obligations under lease arrangements, current portion	119,719	
Revenue bonds and notes payable, current portion	1,557,198	
Unearned revenues	11,829,237	
Total current liabilities	25,849,218	89,675
Noncurrent liabilities		
Accrued workers' compensation	623,050	
Accrued vacation costs	2,947,609	
Endowments invested on behalf of primary government		8,478,945
Obligations under subscription arrangements	460,400	
Obligations under lease arrangements	520,219	
Revenue bonds and notes payable	17,428,042	
Net pension liability	37,256,062	
Total noncurrent liabilities	59,235,382	8,478,945
Total liabilities	85,084,600	8,568,620
DEFERRED INFLOWS OF RESOURCES		
Total liabilities, deferred inflows of resources and net position	680,629	
NET POSITION		
Unrestricted	(34,741,366)	23,321,927
Net investment in capital assets	267,687,505	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	28,009	
Expendable:		
Scholarships and fellowships	3,956,994	
Loans	4,414,118	
Other	2,077,915	
Net assets with donor restrictions	40,038,043	40,038,043
Total net position	243,423,175	63,359,970
Total liabilities, deferred inflows of resources and net position	\$ 329,188,404	\$ 71,928,590

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 25,326,730	
Less: scholarship allowances	(11,531,746)	\$ 13,794,984
Federal grants and contracts		12,154,130
State and local grants and contracts		12,038,008
Nongovernmental grants and contracts		4,320,367
Sales and services of educational departments		18,996
Auxiliary enterprises:		
Residential facilities	9,002,145	
Less: scholarship allowances	(695,415)	8,306,730
Dining facilities	5,096,739	
Less: scholarship allowances	(1,257,284)	3,839,455
Intercollegiate athletics		2,866,515
Parking facilities		56,670
Other auxiliary enterprises revenues		4,909,093
Other operating revenues		4,583,322
Total operating revenues		66,888,270
OPERATING EXPENSES		
Instruction		51,092,320
Research		17,177,430
Public service		3,913,270
Academic support		7,271,589
Student services		4,695,830
Institutional support		27,814,630
Operation and maintenance of plant		14,291,435
Scholarships and fellowships		3,948,893
Auxiliary enterprises:		
Residential facilities		6,861,671
Dining facilities		4,532,796
Intercollegiate athletics		5,223,632
Other auxiliary enterprises expenses		5,799,968
Total operating expenses		152,623,464
Operating loss		(85,735,194)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		64,020,456
Pell grants		5,608,048
Other nonoperating grants		16,221,955
Gifts		\$ 3,085,005
Investment income	773,427	928,916
Less: investment expense	(33,337)	740,090
Interest on indebtedness		(339,804)
Other revenues, (expenses), gains and (losses)		117,036
Other affiliated foundation revenues		2,228,459
Other affiliated foundation expenses		(3,357,760)
Transfers from other University System of Maryland institutions		1,086,457
Total nonoperating revenues		87,454,238
Income (loss) before other revenues		1,719,044
OTHER REVENUES		
Capital appropriations		13,963,107
Total other revenues		13,963,107
Increase in net position		15,682,151
Net position - beginning of year		227,741,024
Net position - end of year		\$ 243,423,175
		\$ 63,359,970

**UNIVERSITY OF MARYLAND EASTERN SHORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 2,479,571
Research contracts and grants	27,211,178
Payments to employees	(85,473,534)
Payments to suppliers and contractors	(53,621,338)
Collection of loans to students	89,436
Student direct lending payments	(20,270,566)
Student direct lending receipts	20,270,566
Auxiliary enterprises:	
Residential facilities	8,306,730
Dining facilities	3,839,455
Intercollegiate athletics	2,866,515
Parking facilities	56,670
Other	4,962,529
Other receipts (payments)	<u>5,843,293</u>
Net cash provided (used) by operating activities	<u>(83,439,495)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	64,020,456
Pell grants	5,608,048
Other nonoperating grants	<u>16,221,955</u>
Net cash provided by noncapital financing activities	<u>85,850,459</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	13,963,107
Purchases of capital assets	(34,442,794)
Principal paid on debt and leases	(2,705,501)
Interest paid on debt and leases	(615,786)
Transfers to other University System of Maryland institutions	<u>18,274,777</u>
Net cash provided (used) by capital and related financing activities	<u>(5,526,197)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	133,340
Interest on investments	285,252
Investment expense	<u>(33,337)</u>
Net cash provided by investing activities	<u>385,255</u>
Net increase in cash and cash equivalents	(2,729,978)
Cash and cash equivalents - beginning of year	<u>6,838,542</u>
Cash and cash equivalents - end of year	<u><u>\$ 4,108,564</u></u>

**FROSTBURG STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 45,602,915	\$ 483,952
Accounts receivable, net	4,368,717	155,489
Leases receivable, current portion, net	22,924	
Notes receivable, current portion, net	9,308	
Inventories	1,179,559	
Prepaid expenses and other	1,012,756	13,330
Inter-institutional balances	22,447,899	
	74,644,078	652,771
Noncurrent assets		
Accounts receivable, net		706,964
Endowment investments	5,497,853	34,373,227
Other investments		11,930,297
Leases receivable, net	459,337	
Notes receivable, net	130,399	
Other assets		435,871
Capital assets, net	261,439,110	8,550
	267,526,699	47,454,909
Total noncurrent assets		
	267,526,699	47,454,909
Total assets	342,170,777	48,107,680
DEFERRED OUTFLOWS OF RESOURCES		
	13,088,915	
Total assets and deferred outflows of resources	\$ 355,259,692	\$ 48,107,680
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,647,680	\$ 92,925
Accrued workers' compensation, current portion	111,900	
Accrued vacation costs, current portion	3,323,717	
Obligations under subscription arrangements, current portion	135,548	
Obligations under lease arrangements, current portion	157,147	
Revenue bonds and notes payable, current portion	3,191,817	
Unearned revenues	29,302,035	4,825
	45,869,844	97,750
Total current liabilities		
	45,869,844	97,750
Noncurrent liabilities		
Accrued workers' compensation	634,100	
Accrued vacation costs	938,855	
Endowments invested on behalf of primary government		5,497,853
Other payables		12,987
Obligations under subscription arrangements	297,052	
Obligations under lease arrangements	521,884	
Revenue bonds and notes payable	48,769,517	
Net pension liability	48,420,411	
	99,581,819	5,510,840
Total noncurrent liabilities		
	99,581,819	5,510,840
Total liabilities	145,451,663	5,608,590
DEFERRED INFLOWS OF RESOURCES		
	16,154,125	
NET POSITION		
Unrestricted	(6,972,474)	3,214,138
Net investment in capital assets	196,707,585	
Restricted:		
Nonexpendable:		
Other	750,000	
Expendable:		
Scholarships and fellowships	2,498,275	
Research	55,068	
Loans	183,338	
Other	432,112	
Net assets with donor restrictions		39,284,952
	193,653,904	42,499,090
Total net position		
	193,653,904	42,499,090
Total liabilities, deferred inflows of resources and net position	\$ 355,259,692	\$ 48,107,680

FROSTBURG STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 31,114,866	
Less: scholarship allowances	<u>(13,781,457)</u>	\$ 17,333,409
Federal grants and contracts		2,956,883
State and local grants and contracts		2,934,885
Nongovernmental grants and contracts		85,595
Sales and services of educational departments		1,063,096
Auxiliary enterprises:		
Residential facilities	8,002,613	
Less: scholarship allowances	<u>(1,725,940)</u>	6,276,673
Dining facilities	6,147,313	
Less: scholarship allowances	<u>(449,186)</u>	5,698,127
Intercollegiate athletics	2,704,671	
Less: scholarship allowances	<u>(452,130)</u>	2,252,541
Bookstore	1,076,923	
Less: scholarship allowances	<u>(108,526)</u>	968,397
Parking facilities	103,781	
Less: scholarship allowances		<u>103,781</u>
Other auxiliary enterprises revenues	3,761,725	
Less: scholarship allowances	<u>(430,811)</u>	3,330,914
Other operating revenues		<u>355,364</u>
Total operating revenues		<u>43,359,665</u>
OPERATING EXPENSES		
Instruction		37,012,231
Research		141,132
Public service		5,802,133
Academic support		9,703,322
Student services		6,558,040
Institutional support		16,583,633
Operation and maintenance of plant		13,370,763
Scholarships and fellowships		2,386,487
Auxiliary enterprises:		
Residential facilities		7,334,822
Dining facilities		4,860,711
Intercollegiate athletics		5,974,292
Bookstore		1,174,897
Other auxiliary enterprises expenses		<u>3,782,245</u>
Total operating expenses		<u>114,684,708</u>
Operating loss		<u>(71,325,043)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		55,047,296
Pell grants		5,809,026
Other nonoperating grants		
Gifts		2,118,066
Investment income	1,963,841	\$ 2,310,593
Less: investment expense	<u>(20,488)</u>	2,093,396
Interest on indebtedness		(1,564,802)
Other revenues, (expenses), gains and (losses)		(79,233)
Other affiliated foundation revenues		454,278
Other affiliated foundation expenses		(3,468,366)
Transfers from other University System of Maryland institutions		<u>1,960,425</u>
Total nonoperating revenues		<u>65,234,131</u>
Income before other revenues		<u>(6,090,912)</u>
OTHER REVENUES		
Capital appropriations		36,018,148
Capital gifts and grants		<u>450,202</u>
Total other revenues		<u>36,468,350</u>
Increase in net position		<u>30,377,438</u>
Net position - beginning of year		<u>163,276,466</u>
Net position - end of year		<u>\$ 193,653,904</u>
		<u>\$ 42,499,090</u>

**FROSTBURG STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 16,065,384
Research contracts and grants	11,025,540
Payments to employees	(74,383,920)
Payments to suppliers and contractors	(30,226,630)
Collection of loans to students	100,752
Student direct lending payments	(16,865,904)
Student direct lending receipts	16,865,904
Auxiliary enterprises:	
Residential facilities	5,144,656
Dining facilities	5,643,342
Intercollegiate athletics	2,204,922
Bookstores	965,012
Parking facilities	98,831
Other	3,315,846
Other receipts	<u>(19,024,432)</u>
Net cash provided (used) by operating activities	<u>(79,070,697)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	55,047,296
Pell grants	<u>5,809,026</u>
Net cash provided by noncapital financing activities	<u>60,856,322</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	36,018,148
Purchases of capital assets	(37,188,669)
Principal paid on debt and leases	(3,512,572)
Interest paid on debt and leases	(2,005,604)
Transfers to other University System of Maryland institutions	<u>26,061,106</u>
Net cash provided (used) by capital and related financing activities	<u>19,372,409</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	107,589
Interest on investments	1,656,110
Investment expense	<u>(20,488)</u>
Net cash provided by investing activities	<u>1,743,211</u>
Net increase in cash and cash equivalents	2,901,245
Cash and cash equivalents - beginning of year	<u>42,701,670</u>
Cash and cash equivalents - end of year	<u>\$ 45,602,915</u>

**COPPIN STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 23,898,474	\$ 6,758,849
Accounts receivable, net	11,238,261	2,679,023
Notes receivable, current portion, net	24,032	
Prepaid expenses and other	106,417	2,643
Inter-institutional balances	9,706,770	
Total current assets	44,973,954	9,440,515
Noncurrent assets		
Endowment investments	3,379,240	12,172,211
Other investments		3,379,240
Notes receivable, net	296,487	
Capital assets, net	320,915,723	206,500
Total noncurrent assets	324,591,450	15,757,951
Total assets	369,565,404	25,198,466
DEFERRED OUTFLOWS OF RESOURCES		
	9,592,006	
Total assets and deferred outflows of resources	\$ 379,157,410	\$ 25,198,466
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,994,100	\$ 952,475
Accrued workers' compensation, current portion	83,550	
Accrued vacation costs, current portion	1,780,212	
Obligations under subscription arrangements, current portion	801,066	
Obligations under lease arrangements, current portion	116,504	
Revenue bonds and notes payable, current portion	2,473,281	
Unearned revenues	13,519,797	
Total current liabilities	31,768,510	952,475
Noncurrent liabilities		
Accrued workers' compensation	473,450	
Accrued vacation costs	1,931,224	
Endowments invested on behalf of primary government		3,379,240
Other payables		6,411
Obligations under subscription arrangements	2,142,612	
Obligations under lease arrangements	300,315	
Revenue bonds and notes payable	23,361,753	
Net pension liability	40,227,952	
Total noncurrent liabilities	68,437,306	3,385,651
Total liabilities	100,205,816	4,338,126
DEFERRED INFLOWS OF RESOURCES		
	5,876,684	
NET POSITION		
Unrestricted	(20,163,145)	187,617
Net investment in capital assets	291,962,587	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	434,289	
Other	240,125	
Expendable:		
Scholarships and fellowships	59,037	
Loans	516,125	
Other	25,892	
Net assets with donor restrictions		20,672,723
Total net position	273,074,910	20,860,340
Total liabilities, deferred inflows of resources and net position	\$ 379,157,410	\$ 25,198,466

COPPIN STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 12,440,164	
Less: scholarship allowances	<u>(10,670,226)</u>	\$ 1,769,938
Federal grants and contracts		8,000,546
State and local grants and contracts		1,282,617
Nongovernmental grants and contracts		972,360
Sales and services of educational departments		479,716
Auxiliary enterprises:		
Residential facilities	3,385,554	
Less: scholarship allowances	<u>(170,100)</u>	3,215,454
Dining facilities		2,852,682
Intercollegiate athletics	2,777,747	
Less: scholarship allowances	<u>(1,701,912)</u>	1,075,835
Parking facilities	859,617	
Less: scholarship allowances	<u>(157,119)</u>	702,498
Other auxiliary enterprises revenues		2,129,381
Other operating revenues		<u>31</u>
Total operating revenues		<u>22,481,058</u>
OPERATING EXPENSES		
Instruction		27,647,034
Research		1,140,515
Public service		157,380
Academic support		10,723,445
Student services		7,130,849
Institutional support		27,129,207
Operation and maintenance of plant		12,276,702
Scholarships and fellowships		275,034
Auxiliary enterprises:		
Residential facilities		2,804,177
Dining facilities		3,234,624
Intercollegiate athletics		4,663,133
Parking facilities		1,035,868
Other auxiliary enterprises expenses		<u>1,955,615</u>
Total operating expenses		<u>100,173,583</u>
Operating loss		<u>(77,692,525)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		62,651,967
Pell grants		5,167,363
Other nonoperating grants		8,382,332
Gifts		\$ 5,617,429
Investment income	1,033,140	755,522
Less: investment expense	<u>(11,897)</u>	
Interest on indebtedness		(628,992)
Other revenues, (expenses), gains and (losses)		(151,160)
Other affiliated foundation revenues		163,901
Other affiliated foundation expenses		(3,103,249)
Transfers from other University System of Maryland institutions		<u>3,985,909</u>
Total nonoperating revenues		<u>80,428,662</u>
Income (loss) before other revenues		<u>2,736,137</u>
OTHER REVENUES		
Capital appropriations		<u>15,193,809</u>
Total other revenues		<u>15,193,809</u>
Increase in net position		17,929,946
Net position - beginning of year		<u>255,144,964</u>
Net position - end of year	<u>\$ 273,074,910</u>	<u>\$ 20,860,340</u>

**COPPIN STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 1,769,938
Research contracts and grants	10,764,149
Payments to employees	(53,140,872)
Payments to suppliers and contractors	(34,627,934)
Collection of loans to students	117,486
Student direct lending payments	(7,473,089)
Student direct lending receipts	7,473,089
Auxiliary enterprises:	
Residential facilities	3,215,454
Dining facilities	2,852,682
Intercollegiate athletics	1,075,836
Parking facilities	702,498
Other	2,129,411
Other receipts	<u>(5,071,192)</u>
Net cash provided (used) by operating activities	<u>(70,212,544)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	62,651,967
Gifts and grants received for other than capital purposes:	
Pell grants	5,167,363
Other nonoperating grants	<u>8,382,332</u>
Net cash provided by noncapital financing activities	<u>76,201,662</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	15,193,809
Purchases of capital assets	(27,685,031)
Principal paid on debt and leases	(2,807,490)
Interest paid on debt and leases	(932,862)
Transfers to other University System of Maryland institutions	<u>14,818,192</u>
Net cash provided (used) by capital and related financing activities	<u>(1,413,382)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	268,963
Interest on investments	826,320
Investment expense	<u>(11,897)</u>
Net cash provided by investing activities	<u>1,083,386</u>
Net increase in cash and cash equivalents	5,659,122
Cash and cash equivalents - beginning of year	<u>18,239,352</u>
Cash and cash equivalents - end of year	<u>\$ 23,898,474</u>

**UNIVERSITY OF BALTIMORE
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Institution</u>	<u>Component Units</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 75,758,103	\$ 15,377,686
Accounts receivable, net	8,979,229	17,970
Leases receivable, current portion, net	1,376,875	
Notes receivable, current portion, net	21,702	
Prepaid expenses and other	1,229,829	
Inter-institutional balances	(1,031,208)	
Total current assets	<u>86,334,530</u>	<u>15,395,656</u>
Noncurrent assets		
Accounts receivable, net		5,991,717
Endowment investments	1,604,467	75,647,120
Other investments		1,604,467
Leases receivable, net	679,522	
Notes receivable, net	63,237	
Other assets		82,413
Capital assets, net	<u>184,506,645</u>	<u>567,851</u>
Total noncurrent assets	<u>186,853,871</u>	<u>83,893,568</u>
Total assets	<u>273,188,401</u>	<u>99,289,224</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>8,715,470</u>	
Total assets and deferred outflows of resources	<u>\$ 281,903,871</u>	<u>\$ 99,289,224</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,242,221	\$ 615,462
Accrued workers' compensation, current portion	60,450	
Accrued vacation costs, current portion	3,405,699	
Obligations under subscription arrangements, current portion	164,417	
Obligations under lease arrangements, current portion	848,787	
Revenue bonds and notes payable, current portion	1,382,023	
Unearned revenues	<u>8,222,427</u>	<u>1,196,345</u>
Total current liabilities	<u>23,326,024</u>	<u>1,811,807</u>
Noncurrent liabilities		
Accrued workers' compensation	342,550	
Accrued vacation costs	2,530,472	
Endowments invested on behalf of primary government		1,604,467
Obligations under subscription arrangements	569,836	
Obligations under lease arrangements	5,908,648	
Revenue bonds and notes payable	5,157,241	
Net pension liability	<u>41,633,641</u>	
Total noncurrent liabilities	<u>56,142,388</u>	<u>1,604,467</u>
Total liabilities	<u>79,468,412</u>	<u>3,416,274</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,596,817</u>	
NET POSITION		
Unrestricted	24,238,396	9,985,699
Net investment in capital assets	170,515,307	
Restricted:		
Expendable:		
Loans	84,939	
Net assets with donor restrictions		<u>85,887,251</u>
Total net position	<u>194,838,642</u>	<u>95,872,950</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 281,903,871</u>	<u>\$ 99,289,224</u>

UNIVERSITY OF BALTIMORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 48,489,493	
Less: scholarship allowances	<u>(15,459,710)</u>	\$ 33,029,783
Federal grants and contracts		10,851,999
State and local grants and contracts		9,890,443
Nongovernmental grants and contracts		4,824,643
Sales and services of educational departments		257,707
Auxiliary enterprises:		
Parking facilities		527,756
Other auxiliary enterprises revenues		5,098,518
Other operating revenues		<u>759,255</u>
Total operating revenues		<u>65,240,104</u>
OPERATING EXPENSES		
Instruction		42,082,092
Research		7,264,858
Public service		12,873,576
Academic support		14,960,588
Student services		11,782,191
Institutional support		14,011,765
Operation and maintenance of plant		8,926,315
Scholarships and fellowships		3,939,077
Auxiliary enterprises:		
Parking facilities		491,440
Other auxiliary enterprises expenses		<u>2,903,112</u>
Total operating expenses		<u>119,235,014</u>
Operating loss		<u>(53,994,910)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		54,781,236
Pell grants		3,063,767
Other nonoperating grants		6,057,828
Gifts		\$ 5,956,477
Investment income		2,769,500
Interest on indebtedness		(66,660)
Other revenues, (expenses), gains and (losses)		(771,119)
Other affiliated foundation revenues		80,468
Other affiliated foundation expenses		(5,553,364)
Transfers from other University System of Maryland institutions		<u>(1,916,652)</u>
Total nonoperating revenues (expenses)		<u>63,917,900</u>
Income (loss) before other revenues		<u>6,983,340</u>
OTHER REVENUES		
Capital gifts and grants		<u>2,345</u>
Total other revenues		<u>2,345</u>
Increase (decrease) in net position		9,925,335
Net position - beginning of year		<u>184,913,307</u>
Net position - end of year	<u>\$ 194,838,642</u>	<u>\$ 95,872,950</u>

**UNIVERSITY OF BALTIMORE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 32,811,517
Research contracts and grants	23,411,492
Payments to employees	(89,720,512)
Payments to suppliers and contractors	(22,539,955)
Collection of loans to students	97,870
Student direct lending payments	(36,049,048)
Student direct lending receipts	36,049,048
Auxiliary enterprises:	
Parking facilities	527,756
Other	5,098,560
Other receipts	<u>5,719,142</u>
Net cash provided (used) by operating activities	<u>(44,594,130)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	54,781,236
Pell grants	3,063,767
Other nonoperating grants	<u>6,057,828</u>
Net cash provided by noncapital financing activities	<u>63,902,831</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants and gifts received	2,345
Purchases of capital assets	(1,321,233)
Principal paid on debt and leases	(3,266,234)
Interest paid on debt and leases	(308,433)
Transfers from other University System of Maryland institutions	<u>(4,624,888)</u>
Net cash provided (used) by capital and related financing activities	<u>(10,409,595)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	11,714
Interest on investments	<u>2,555,745</u>
Net cash provided by investing activities	<u>2,567,459</u>
Net increase in cash and cash equivalents	11,466,565
Cash and cash equivalents - beginning of year	<u>64,291,538</u>
Cash and cash equivalents - end of year	<u>\$ 75,758,103</u>

SALISBURY UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 137,004,227	\$ 54,053
Accounts receivable, net	6,202,507	1,079,610
Notes receivable, current portion, net	4,924	
Inventories	1,153,179	
Prepaid expenses and other	165,088	4,415
Inter-institutional balances	2,300,842	
Total current assets	146,830,767	1,138,078
Noncurrent assets		
Accounts receivable, net		2,708,456
Endowment investments	4,355,586	100,936,074
Other investments		7,129,349
Notes receivable, net		
Other assets		2,875,091
Capital assets, net	428,259,466	106,148
Total noncurrent assets	432,615,052	113,755,118
Total assets	579,445,819	114,893,196
DEFERRED OUTFLOWS OF RESOURCES		
	11,618,413	
Total assets and deferred outflows of resources	\$ 591,064,232	\$ 114,893,196
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,515,467	\$ 43,709
Accrued workers' compensation, current portion	152,250	
Accrued vacation costs, current portion	3,148,290	
Obligations under subscription arrangements, current portion	262,909	
Obligations under lease arrangements, current portion	356,904	
Revenue bonds and notes payable, current portion	6,514,671	1,752,486
Unearned revenues	7,276,551	144,617
Total current liabilities	33,227,042	1,940,812
Noncurrent liabilities		
Accrued workers' compensation	862,750	
Accrued vacation costs	3,567,567	
Endowments invested on behalf of primary government		4,355,586
Other payables		471,847
Obligations under subscription arrangements	270,796	
Obligations under lease arrangements	995,113	
Revenue bonds and notes payable	58,077,226	
Net pension liability	53,531,157	
Total noncurrent liabilities	117,304,609	4,827,433
Total liabilities	150,531,651	6,768,245
DEFERRED INFLOWS OF RESOURCES		
	18,278,249	
NET POSITION		
Unrestricted	72,984,958	10,605,131
Net investment in capital assets	349,225,691	
Restricted:		
Expendable:		
Loans	43,683	
Net assets with donor restrictions		97,519,820
Total net position	422,254,332	108,124,951
Total liabilities, deferred inflows of resources and net position	\$ 591,064,232	\$ 114,893,196

SALISBURY UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 69,430,256	
Less: scholarship allowances	<u>(22,539,670)</u>	\$ 46,890,586
Federal grants and contracts		2,800,221
State and local grants and contracts		8,478,292
Nongovernmental grants and contracts		942,910
Sales and services of educational departments		230,163
Auxiliary enterprises:		
Residential facilities	26,503,600	
Less: scholarship allowances	<u>(1,691,807)</u>	24,811,793
Dining facilities	14,153,698	
Less: scholarship allowances	<u>(39,303)</u>	14,114,395
Intercollegiate athletics		5,448,853
Bookstore		3,656,163
Parking facilities		958,733
Other auxiliary enterprises revenues	1,946,472	
Less: scholarship allowances	<u>(25,827)</u>	<u>1,920,645</u>
Total operating revenues		<u>110,252,754</u>
OPERATING EXPENSES		
Instruction		66,107,370
Research		1,562,359
Public service		11,168,370
Academic support		18,680,041
Student services		9,793,519
Institutional support		22,564,001
Operation and maintenance of plant		29,649,468
Scholarships and fellowships		247,065
Auxiliary enterprises:		
Residential facilities		14,242,074
Dining facilities		11,941,847
Intercollegiate athletics		7,992,780
Bookstore		3,763,385
Parking facilities		685,294
Other auxiliary enterprises expenses		<u>963,717</u>
Total operating expenses		<u>199,361,290</u>
Operating loss		<u>(89,108,536)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		78,645,174
Pell grants		8,055,717
Other nonoperating grants		
Gifts		\$ 5,738,558
Investment income	5,124,412	11,671,712
Less: investment expense	<u>(12,432)</u>	
Interest on indebtedness		(1,598,959)
Other revenues, (expenses), gains and (losses)		(262,704)
Other affiliated foundation revenues		709,352
Other affiliated foundation expenses		(5,660,389)
Transfers from other University System of Maryland institutions		<u>(641,934)</u>
Total nonoperating revenues (expenses)		<u>89,309,274</u>
Income (loss) before other revenues		<u>200,738</u>
OTHER REVENUES		
Capital appropriations		964,616
Capital gifts and grants		<u>61,652</u>
Total other revenues		<u>1,026,268</u>
Decrease in net position		1,227,006
Net position - beginning of year		<u>421,027,326</u>
Net position - end of year	<u>\$ 422,254,332</u>	<u>\$ 108,124,951</u>

**SALISBURY UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 46,574,309
Research contracts and grants	10,065,227
Payments to employees	(134,266,617)
Payments to suppliers and contractors	(45,196,982)
Collection of loans to students	168,954
Student direct lending payments	(35,744,771)
Student direct lending receipts	35,744,771
Auxiliary enterprises:	
Residential facilities	23,060,465
Dining facilities	14,082,375
Intercollegiate athletics	5,451,192
Bookstores	3,656,163
Parking facilities	958,733
Other	1,894,007
Other receipts (payments)	<u>(489,359)</u>
Net cash provided (used) by operating activities	<u>(74,041,533)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	78,645,174
Pell grants	<u>8,055,717</u>
Net cash provided by noncapital financing activities	<u>86,700,891</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	3,157,308
Purchases of capital assets	(7,707,978)
Principal paid on debt and leases	(6,481,083)
Interest paid on debt and leases	(2,679,189)
Transfers from other University System of Maryland institutions	<u>(2,645,045)</u>
Net cash provided (used) by capital and related financing activities	<u>(16,355,987)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	274,907
Interest on investments	4,861,865
Investment expense	<u>(12,432)</u>
Net cash provided by investing activities	<u>5,124,340</u>
Net increase in cash and cash equivalents	1,427,711
Cash and cash equivalents - beginning of year	<u>135,576,516</u>
Cash and cash equivalents - end of year	<u>\$ 137,004,227</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 380,960,109	
Accounts receivable, net	69,736,763	\$ 76,067
Inventories	25,210	
Prepaid expenses and other	10,108,602	750
Inter-institutional balances	794,913	
Total current assets	461,625,597	76,817
Noncurrent assets		
Accounts receivable, net		524,752
Endowment investments	12,695,936	43,271,082
Other investments	17,314,456	15,383,585
Capital assets, net	65,235,507	9,400,877
Total noncurrent assets	95,245,899	68,580,296
Total assets	556,871,496	68,657,113
DEFERRED OUTFLOWS OF RESOURCES		
Total assets and deferred outflows of resources	\$ 564,780,346	\$ 68,657,113
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,109,129	\$ 120
Accrued workers' compensation, current portion	86,850	
Accrued vacation costs, current portion	11,099,268	
Obligations under subscription arrangements, current portion	2,667,846	
Obligations under lease arrangements, current portion	1,285,548	
Unearned revenues	47,834,821	
Total current liabilities	82,083,462	120
Noncurrent liabilities		
Accrued workers' compensation	492,150	
Accrued vacation costs	7,737,409	
Endowments invested on behalf of primary government		12,695,936
Obligations under subscription arrangements	186,616	
Obligations under lease arrangements	2,085,652	
Net pension liability	46,985,983	
Total noncurrent liabilities	57,487,810	12,695,936
Total liabilities	139,571,272	12,696,056
DEFERRED INFLOWS OF RESOURCES		
Total liabilities, deferred inflows of resources and net position	1,296,646	
NET POSITION		
Unrestricted	364,827,564	11,467,230
Net investment in capital assets	59,009,845	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	29,423	
Expendable:		
Scholarships and fellowships	34,085	
Research	11,511	
Net assets with donor restrictions	44,493,827	
Total net position	423,912,428	55,961,057
Total liabilities, deferred inflows of resources and net position	\$ 564,780,346	\$ 68,657,113

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

	Institution	Component Units
OPERATING REVENUES		
Tuition and fees	\$ 343,357,169	
Less: scholarship allowances	<u>(52,026,522)</u>	\$ 291,330,647
Federal grants and contracts		2,169,194
State and local grants and contracts		4,605,609
Nongovernmental grants and contracts		2,518,789
Sales and services of educational departments		1,159,192
Auxiliary enterprises:		
Bookstore		50
Parking facilities		19,289,660
Other operating revenues		<u>19,289,660</u>
Total operating revenues		<u>321,073,141</u>
OPERATING EXPENSES		
Instruction		97,779,384
Public service		16,507,774
Academic support		65,951,792
Student services		150,793,918
Institutional support		67,133,612
Operation and maintenance of plant		15,778,693
Scholarships and fellowships		38,620,984
Auxiliary enterprises:		
Other auxiliary enterprises expenses		<u>1,454</u>
Total operating expenses		<u>452,567,611</u>
Operating loss		<u>(131,494,470)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		57,317,002
Pell grants		59,446,474
Other nonoperating grants		4,435,425
Gifts		\$ 1,087,797
Investment income	10,250,262	744,862
Less: investment expense	<u>(38,256)</u>	10,212,006
Interest on indebtedness		(140,667)
Other revenues, (expenses), gains and (losses)		31,091,248
Other affiliated foundation revenues		1,336,199
Other affiliated foundation expenses		(1,806,026)
Transfers (to) other University System of Maryland institutions		<u>(387,064)</u>
Total nonoperating revenues		<u>161,974,424</u>
Capital appropriations		<u>218,693</u>
Total other revenues		<u>218,693</u>
Increase (decrease) in net position		30,698,647
Net position - beginning of year		<u>54,598,225</u>
Net position - end of year	<u>\$ 423,912,428</u>	<u>\$ 55,961,057</u>

**UNIVERSITY OF MARYLAND GLOBAL CAMPUS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 284,980,266
Research contracts and grants	10,339,646
Payments to employees	(271,218,161)
Payments to suppliers and contractors	(181,572,385)
Student direct lending payments	(144,017,194)
Student direct lending receipts	144,017,194
Auxiliary enterprises:	
Parking facilities	50
Other receipts (payments)	<u>47,786,418</u>
Net cash provided (used) by operating activities	<u>(109,684,166)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	57,317,002
Pell grants	59,446,474
Other nonoperating grants	<u>4,435,425</u>
Net cash provided by noncapital financing activities	<u>121,198,901</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	218,693
Proceeds from sales of capital assets	46,921,099
Purchases of capital assets	(11,371,933)
Principal paid on debt and leases	(1,314,897)
Interest paid on debt and leases	(140,667)
Transfers (to) other University System of Maryland institutions	<u>(1,307,818)</u>
Net cash provided (used) by capital and related financing activities	<u>33,004,477</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	930,706
Interest on investments	9,908,861
Investment expense	<u>(38,256)</u>
Net cash provided by investing activities	<u>10,801,311</u>
Net decrease in cash and cash equivalents	55,320,523
Cash and cash equivalents - beginning of year	<u>325,639,586</u>
Cash and cash equivalents - end of year	<u>\$ 380,960,109</u>

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 252,288,143	
Accounts receivable, net	22,645,980	\$ 10,101,899
Leases receivable, current portion, net	1,220,059	
Notes receivable, current portion, net		
Inventories	447,535	
Prepaid expenses and other	261,535	18,048
Inter-institutional balances	864,465	
Total current assets	277,727,717	10,119,947
Noncurrent assets		
Accounts receivable, net		1,826,543
Endowment investments	11,293,204	148,622,372
Other investments	400,000	31,171,025
Leases receivable, net	617,592	
Notes receivable, net		
Capital assets, net	692,113,710	40,959
Total noncurrent assets	704,424,506	181,660,899
Total assets	982,152,223	191,780,846
DEFERRED OUTFLOWS OF RESOURCES		
	28,026,090	
Total assets and deferred outflows of resources	\$1,010,178,313	\$ 191,780,846
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 33,744,117	\$ 197,395
Accrued workers' compensation, current portion	162,750	
Accrued vacation costs, current portion	12,378,103	
Obligations under subscription arrangements, current portion	448,473	
Obligations under lease arrangements, current portion	597,329	
Revenue bonds and notes payable, current portion	9,995,562	
Unearned revenues	18,534,797	
Total current liabilities	75,861,131	197,395
Noncurrent liabilities		
Accrued workers' compensation	922,250	
Accrued vacation costs	4,862,234	
Endowments invested on behalf of primary government		11,293,204
Obligations under subscription arrangements	255,772	
Obligations under lease arrangements	4,288,462	
Revenue bonds and notes payable	130,950,925	
Net pension liability	127,406,626	
Total noncurrent liabilities	268,686,269	11,293,204
Total liabilities	344,547,400	11,490,599
DEFERRED INFLOWS OF RESOURCES		
	38,216,084	
NET POSITION		
Unrestricted	102,917,270	13,375,460
Net investment in capital assets	524,367,085	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	130,474	
Expendable:		
Loans		
Net assets with donor restrictions		166,914,787
Total net position	627,414,829	180,290,247
Total liabilities, deferred inflows of resources and net position	\$1,010,178,313	\$ 191,780,846

UNIVERSITY OF MARYLAND, BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Tuition and fees	\$ 160,587,966	
Less: scholarship allowances	<u>(30,367,394)</u>	\$ 130,220,572
Federal grants and contracts		59,927,364
State and local grants and contracts		46,219,043
Nongovernmental grants and contracts		23,457,316
Sales and services of educational departments		2,057,998
Auxiliary enterprises:		
Residential facilities	29,838,660	
Less: scholarship allowances	<u>(4,435,212)</u>	25,403,448
Dining facilities	15,859,668	
Less: scholarship allowances	<u>(2,813,268)</u>	13,046,400
Intercollegiate athletics		14,123,646
Bookstore	3,971,218	
Less: scholarship allowances	<u>(1,636)</u>	3,969,582
Parking facilities		1,876,793
Other auxiliary enterprises revenues		24,891,827
Other operating revenues		<u>18,150,564</u>
Total operating revenues		<u>363,344,553</u>
OPERATING EXPENSES		
Instruction		160,593,802
Research		91,032,189
Public service		24,975,227
Academic support		30,749,875
Student services		26,795,850
Institutional support		48,178,219
Operation and maintenance of plant		63,216,395
Scholarships and fellowships		29,428,003
Auxiliary enterprises:		
Residential facilities		30,286,944
Dining facilities		12,584,801
Intercollegiate athletics		12,427,830
Bookstore		3,672,025
Parking facilities		1,268,053
Other auxiliary enterprises expenses		<u>21,322,686</u>
Total operating expenses		<u>556,531,899</u>
Operating loss		<u>(193,187,346)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations		190,913,456
Pell grants		17,192,893
Other nonoperating grants		
Gifts		1,350
Investment income	8,990,994	\$ 10,311,974
Less: investment expense	<u>(35,884)</u>	2,276,491
Interest on indebtedness		(4,233,334)
Other revenues, (expenses), gains and (losses)		49,971,253
Other affiliated foundation revenues		5,015,484
Other affiliated foundation expenses		(10,570,913)
Transfers from other University System of Maryland institutions		<u>(2,590,649)</u>
Total nonoperating revenues		<u>260,210,079</u>
Income before other revenues		<u>67,022,733</u>
Income before other revenues		<u>7,033,036</u>
OTHER REVENUES		
Capital appropriations		<u>10,644,185</u>
Total other revenues		<u>10,644,185</u>
Increase in net position		<u>77,666,918</u>
Net position - beginning of year		<u>549,747,911</u>
Cumulative effect of a change in reporting entity		<u>(10,443,975)</u>
Net position - end of year		<u><u>\$ 627,414,829</u></u>
		<u><u>\$ 180,290,247</u></u>

**UNIVERSITY MARYLAND, BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 130,051,362
Research contracts and grants	129,141,430
Payments to employees	(324,619,473)
Payments to suppliers and contractors	(183,037,213)
Loans issued to students	195,022
Collection of loans to students	1,016,250
Student direct lending payments	(39,017,775)
Student direct lending receipts	39,017,775
Auxiliary enterprises:	
Residential facilities	23,760,290
Dining facilities	13,125,504
Intercollegiate athletics	14,209,281
Bookstores	3,993,651
Parking facilities	1,888,172
Other	25,042,753
Other receipts	<u>28,437,121</u>
Net cash provided (used) by operating activities	<u>(136,795,850)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	190,913,456
Pell grants	<u>17,192,893</u>
Net cash provided by noncapital financing activities	<u>208,106,349</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	10,644,185
Purchases of capital assets	(22,849,946)
Principal paid on debt and leases	(19,808,354)
Interest paid on debt and leases	(2,306,728)
Transfers from other University System of Maryland institutions	<u>(4,526,337)</u>
Net cash provided (used) by capital and related financing activities	<u>(38,847,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	403,204
Interest on investments	8,320,261
Investment expense	<u>(35,884)</u>
Net cash provided by investing activities	<u>8,687,581</u>
Net increase in cash and cash equivalents	41,150,900
Cash and cash equivalents - beginning of year	<u>211,137,243</u>
Cash and cash equivalents - end of year	<u>\$ 252,288,143</u>

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 25,875,399	
Accounts receivable, net	5,910,921	\$ 470
Prepaid expenses and other	1,747,377	
Inter-institutional balances	11,697,378	
Total current assets	45,231,075	470
Noncurrent assets		
Endowment investments	488,229	3,891,670
Other investments	50,000	5,157,838
Capital assets, net	64,116,060	649
Total noncurrent assets	64,654,289	9,050,157
Total assets	109,885,364	9,050,627
DEFERRED OUTFLOWS OF RESOURCES		
	3,377,042	
Total assets and deferred outflows of resources	\$ 113,262,406	\$ 9,050,627
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,392,503	
Accrued workers' compensation, current portion	4,950	
Accrued vacation costs, current portion	1,992,561	
Revenue bonds and notes payable, current portion	553,397	
Unearned revenues	11,137,339	
Total current liabilities	16,080,750	
Noncurrent liabilities		
Accrued workers' compensation	28,050	
Accrued vacation costs	2,205,127	
Endowments invested on behalf of primary government		\$ 488,229
Revenue bonds and notes payable	3,806,157	
Net pension liability	10,724,648	
Total noncurrent liabilities	16,763,982	488,229
Total liabilities	32,844,732	488,229
DEFERRED INFLOWS OF RESOURCES		
	2,169,226	
NET POSITION		
Unrestricted	18,475,323	870,892
Net investment in capital assets	59,773,125	
Restricted:		
Expendable:		
Net assets with donor restrictions		7,691,506
Total net position	78,248,448	8,562,398
Total liabilities, deferred inflows of resources and net position	\$ 113,262,406	\$ 9,050,627

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Federal grants and contracts	\$ 13,646,918	
State and local grants and contracts	4,462,886	
Nongovernmental grants and contracts	4,312,925	
Sales and services of educational departments	<u>4,308,462</u>	
Total operating revenues	<u>26,731,191</u>	
OPERATING EXPENSES		
Research	51,756,853	
Operation and maintenance of plant	<u>451,354</u>	
Total operating expenses	<u>52,208,207</u>	
Operating loss	<u>(25,477,016)</u>	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	26,581,720	
Gifts		\$ 2,544,124
Investment income	858,540	63,694
Interest on indebtedness	(88,408)	
Other revenues, (expenses), gains and (losses)	6,714	
Other affiliated foundation revenues		144,855
Other affiliated foundation expenses		(1,781,125)
Transfers from other University System of Maryland institutions	<u>676,630</u>	
Total nonoperating revenues (expenses)	<u>28,035,196</u>	<u>971,548</u>
Income (loss) before other revenues	<u>2,558,180</u>	<u>971,548</u>
OTHER REVENUES		
Capital appropriations	<u>1,229,934</u>	
Total other revenues	<u>1,229,934</u>	
Increase (decrease) in net position	3,788,114	971,548
Net position - beginning of year	<u>74,460,334</u>	<u>7,590,850</u>
Net position - end of year	<u>\$ 78,248,448</u>	<u>\$ 8,562,398</u>

**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Research contracts and grants	\$ 32,443,092
Payments to employees	(36,191,674)
Payments to suppliers and contractors	(14,132,155)
Other receipts	<u>4,315,176</u>
Net cash provided (used) by operating activities	<u>(13,565,561)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	<u>26,581,720</u>
Net cash provided by noncapital financing activities	<u>26,581,720</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	1,229,934
Purchases of capital assets	(1,119,603)
Principal paid on debt and leases	(808,608)
Interest paid on debt and leases	(165,444)
Transfers from other University System of Maryland institutions	<u>(11,157,524)</u>
Net cash provided (used) by capital and related financing activities	<u>(12,021,245)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	18,591
Interest on investments	<u>829,783</u>
Net cash provided by investing activities	<u>848,374</u>
Net increase in cash and cash equivalents	1,843,288
Cash and cash equivalents - beginning of year	<u>24,032,111</u>
Cash and cash equivalents - end of year	<u><u>\$ 25,875,399</u></u>

UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Institution	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 457,844,436	\$ 78,507
Accounts receivable, net	981,517	182,787
Prepaid expenses and other		132,702
Inter-institutional balances	(197,300,419)	
Total current assets	261,525,534	393,996
Noncurrent assets		
Restricted cash and cash equivalents	31,884,580	
Accounts receivable, net		110,103
Endowment investments	30,351,969	23,820,728
Other investments	5,879,395	155,719,796
Other assets		492,000
Capital assets, net	324,409,133	2,610,419
Total noncurrent assets	392,525,077	182,753,046
Total assets	654,050,611	183,147,042
DEFERRED OUTFLOWS OF RESOURCES		
	8,980,647	
Total assets and deferred outflows of resources	\$ 663,031,258	\$ 183,147,042
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,961,219	\$ 3,164,414
Accrued workers' compensation, current portion	6,750	
Accrued vacation costs, current portion	782,112	
Obligations under subscription arrangements, current portion	1,401,734	
Obligations under lease arrangements, current portion	385,719	
Revenue bonds and notes payable, current portion	2,693,517	
Unearned revenues	1,383,610	2,410,000
Total current liabilities	17,614,661	5,574,414
Noncurrent liabilities		
Accrued workers' compensation	38,250	
Accrued vacation costs	1,786,958	
Endowments invested on behalf of primary government		30,351,969
Other payables		105,755,665
Obligations under subscription arrangements	12,077,930	
Obligations under lease arrangements	5,109,086	
Revenue bonds and notes payable	36,217,644	
Net pension liability	9,278,814	
Total noncurrent liabilities	64,508,682	136,107,634
Total liabilities	82,123,343	141,682,048
DEFERRED INFLOWS OF RESOURCES		
	10,646,566	
NET POSITION		
Unrestricted	270,729,829	5,691,339
Net investment in capital assets	293,820,838	
Restricted:		
Nonexpendable:		
Scholarships and fellowships	347,604	
Other	471,330	
Expendable:		
Capital projects	4,891,748	
Net assets with donor restrictions		35,773,655
Total net position	570,261,349	41,464,994
Total liabilities, deferred inflows of resources and net position	\$ 663,031,258	\$ 183,147,042

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

	<u>Institution</u>	<u>Component Units</u>
OPERATING REVENUES		
Federal grants and contracts	\$ 273,289	
Other operating revenues	<u>1,538,139</u>	
Total operating revenues	<u>1,811,428</u>	
OPERATING EXPENSES		
Academic support	13,678,714	
Institutional support	<u>34,935,651</u>	
Total operating expenses	<u>48,614,365</u>	
Operating loss	<u>(46,802,937)</u>	
NONOPERATING REVENUES (EXPENSES)		
State appropriations	24,824,089	
Gifts		\$ 1,740,399
Investment income	\$ 19,687,835	15,012,893
Less: investment expense	<u>(80,258)</u>	
Interest on indebtedness	(1,051,432)	
Other revenues, (expenses), gains and (losses)	(65,116)	
Other affiliated foundation revenues		8,130,214
Other affiliated foundation expenses		(9,594,746)
Transfers to other University System of Maryland institutions	<u>7,653,604</u>	
Total nonoperating revenues (expenses)	<u>50,968,722</u>	<u>(971,668)</u>
Loss before other revenues	<u>4,165,785</u>	<u>(971,668)</u>
OTHER REVENUES		
Capital appropriations	<u>1,270,135</u>	
Total other revenues	<u>1,270,135</u>	
Decrease in net position	5,435,920	(971,668)
Net position - beginning of year	<u>564,825,429</u>	<u>42,436,662</u>
Net position - end of year	<u>\$ 570,261,349</u>	<u>\$ 41,464,994</u>

**UNIVERSITY SYSTEM OF MARYLAND OFFICE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Research contracts and grants	\$ 161,828
Payments to employees	(20,234,425)
Payments to suppliers and contractors	(2,539,714)
Other receipts (payments)	<u>(36,955,075)</u>
Net cash provided (used) by operating activities	<u>(59,567,386)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	<u>24,824,089</u>
Net cash provided by noncapital financing activities	<u>24,824,089</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	1,270,135
Purchases of capital assets	(1,810,538)
Principal paid on debt and leases	(5,704,498)
Interest paid on debt and leases	(3,950,207)
Transfers from other University System of Maryland institutions	<u>23,194,829</u>
Net cash provided by capital and related financing activities	<u>12,999,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	864,274
Interest on investments	17,817,066
Investment expense	(80,258)
Purchases of investments	<u>(1,538,144)</u>
Net cash provided by investing activities	<u>17,062,938</u>
Net increase in cash and cash equivalents	(4,680,638)
Cash and cash equivalents - beginning of year	<u>494,409,654</u>
Cash and cash equivalents - end of year	<u>\$ 489,729,016</u>

UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF FINANCIAL POSITION, NONMAJOR COMPONENT UNITS
JUNE 30, 2023

	University of Maryland Pediatric Associates, P.A.	University of Maryland Orthopaedic Associates, P.A.	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.	Total Nonmajor Component Units
ASSETS									
Current Assets									
Cash	\$ 21,356,692	\$ 11,193,431	\$ 6,366,903	\$ 4,592,271	\$ 483,952	\$ 6,758,849	\$ 15,377,686	\$ 54,053	\$ 66,183,837
Accounts receivable, net	5,275,508	5,059,770	84,860	159,143	155,489	2,679,023	17,970	1,079,610	14,511,373
Other assets	4,192,740	138,358		224,449	13,330	2,643		4,415	4,575,935
Total current assets	30,824,940	16,391,559	6,451,763	4,975,863	652,771	9,440,515	15,395,656	1,138,078	85,271,145
Investments									
Endowment investments			42,883,380	100,548,813	34,373,227	12,172,211	75,647,120	100,936,074	366,560,825
Other investments		166,625			6,432,444			2,773,763	9,372,832
Total investments		166,625	42,883,380	100,548,813	40,805,671	12,172,211	75,647,120	103,709,837	375,933,657
Noncurrent assets									
Accounts receivable, net			4,233,019	6,492,454	706,964		5,991,717	2,708,456	20,132,610
Capital assets, net	297,096	3,488,276		2,270	8,550	206,500	567,851	106,148	4,676,691
Other assets		6,285,485			435,871		82,413	2,875,091	9,678,860
Total noncurrent assets	297,096	9,773,761	4,233,019	6,494,724	1,151,385	206,500	6,641,981	5,689,695	34,488,161
Total assets	\$ 31,122,036	\$ 26,331,945	\$ 53,568,162	\$ 112,019,400	\$ 42,609,827	\$ 21,819,226	\$ 97,684,757	\$ 110,537,610	\$ 495,692,963
LIABILITIES									
Current liabilities									
Accounts payable & accrued expenses	\$ 21,710,144	\$ 8,965,829	\$ 1,881,753	\$ 3,276,181	\$ 92,925	\$ 952,475	\$ 615,462	\$ 43,709	\$ 37,538,478
Long-term debt, current								1,752,486	1,752,486
Unearned revenues					4,825		1,196,345	144,617	1,345,787
Total current liabilities	21,710,144	8,965,829	1,881,753	3,276,181	97,750	952,475	1,811,807	1,940,812	40,636,751
Noncurrent liabilities									
Other payables	4,130,617	7,119,137			12,987	6,411		471,847	11,740,999
Total noncurrent liabilities	4,130,617	7,119,137			12,987	6,411		471,847	11,740,999
Total liabilities	25,840,761	16,084,966	1,881,753	3,276,181	110,737	958,886	1,811,807	2,412,659	52,377,750
NET ASSETS									
Without donor restrictions	5,281,275	10,246,979	25,807,628	4,163,468	3,214,138	187,617	9,985,699	10,605,131	69,491,935
With donor restrictions			25,878,781	104,579,751	39,284,952	20,672,723	85,887,251	97,519,820	373,823,278
Total net assets	5,281,275	10,246,979	51,686,409	108,743,219	42,499,090	20,860,340	95,872,950	108,124,951	443,315,213
Total liabilities and net assets	\$ 31,122,036	\$ 26,331,945	\$ 53,568,162	\$ 112,019,400	\$ 42,609,827	\$ 21,819,226	\$ 97,684,757	\$ 110,537,610	\$ 495,692,963

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**UNIVERSITY SYSTEM OF MARYLAND
COMBINING STATEMENT OF ACTIVITIES, NONMAJOR COMPONENT UNITS
YEAR ENDED JUNE 30, 2023**

	University of Maryland Pediatric Associates, P.A.	University of Maryland Orthopaedic Associates, P.A.	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.	University of Maryland Baltimore County Research Park, Inc.	Total Nonmajor Component Units
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS										
Revenues										
Contributions & grants				\$ 650,384	\$ 119,852	\$ 274,041	\$ 152,590	\$ 360,768		\$ 1,557,635
Investment income	\$ 451,241	\$ 176,211	\$ 1,298,784	723,558	188,369	124,610	761,564	527,618		4,251,955
Other income	35,214,994	37,343,569	291,546	18,419	37,573	44,845	4,295	628,038		73,593,279
Assets released from restrictions			8,787,842	8,709,627	3,319,349	2,275,820	5,956,358	5,175,365		34,224,361
Total revenues	35,666,235	37,519,780	10,378,172	10,101,988	3,665,143	2,719,316	6,874,807	6,691,789		113,617,230
Expenses										
Program	13,424,669	18,122,305	9,193,422	7,908,529	3,078,446	2,075,822	4,341,340	4,521,456		62,665,989
General & administrative	10,190,152	5,466,491	225,037	791,764	389,920	795,745	846,694	820,108		19,525,911
Fundraising			45,554	493,482		231,682	365,330	318,825		1,454,873
Other expense	3,240,559	6,069,233								9,309,792
Total expenses	26,855,380	29,658,029	9,464,013	9,193,775	3,468,366	3,103,249	5,553,364	5,660,389		92,956,565
Change in net assets without donor restrictions	8,810,855	7,861,751	914,159	908,213	196,777	(383,933)	1,321,443	1,031,400		20,660,665
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS										
Contributions & grants			13,996,923	7,070,996	2,190,741	5,343,388	5,803,887	5,377,790		39,783,725
Investment income			742,215	6,396,471	1,905,027	630,912	5,738,195	11,144,094		26,556,914
Other income			67,443	1,077,669	416,705	119,056	76,173	61,314		1,838,360
Assets released from restrictions			(8,787,842)	(8,709,627)	(3,319,349)	(2,275,820)	(5,956,358)	(5,175,365)		(34,224,361)
Change in net assets with donor restrictions			6,018,739	5,835,509	1,193,124	3,817,536	5,661,897	11,427,833		33,954,638
Total change in net assets	8,810,855	7,861,751	6,932,898	6,743,722	1,389,901	3,433,603	6,983,340	12,459,233		54,615,303
Net assets - beginning of year	(3,529,580)	2,385,228	44,753,511	101,999,497	41,109,189	17,426,737	88,889,610	95,665,718	\$ 10,443,975	400,288,237
Cumulative effect of a change in reporting entity									(10,443,975)	(10,443,975)
Net assets - end of year	\$ 5,281,275	\$ 10,246,979	\$ 51,686,409	\$ 108,743,219	\$ 42,499,090	\$ 20,860,340	\$ 95,872,950	\$ 108,124,951	\$	\$ 443,315,213

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UNIVERSITY SYSTEM OF MARYLAND

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

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 Global Campus 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 Global Campus, 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.

Component Unit information included in Supplementary Information Institutional Financial Statements

The System provides supplementary information financial statements for each System institution that reflect the financial information for each System institution, along with financial information reported by component units that have received assets for the benefit of the institution.

All but one affiliated foundation reported as component units perform fundraising for the benefit of a single, unique System institution. The University System of Maryland Foundation, Inc. (USMF), which performs investment management activities on behalf of the System, as well as other affiliated foundations reported as component units, is the lone affiliated foundation that holds assets received for the benefit of multiple System institutions.

The component unit information reported in supplementary information financial statements for System institutions is made up of the financial statement information from institution-specific affiliated foundations recognized as component units, and an allocation of financial statement balances and activity for the USMF. The allocation of balances and activity of the USMF is based on the proportionate amounts of assets held by the USMF for the benefit of each System institution.

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**INDEPENDENT AUDITORS' 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**

Board of Regents
University System of Maryland
Adelphi, Maryland

We have audited, in accordance with the 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 business-type activities and the aggregate discretely presented component units of the University System of Maryland (the System), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 22, 2023. Our report includes a reference to other auditors who audited the financial statements of the University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., the University of Maryland Baltimore Foundation, Inc., University of Maryland Faculty Physicians, 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., University of Maryland Orthopaedic Associates, P.A., University of Maryland Pediatric Associates, P.A., and UMGC Ventures, Inc. and Subsidiaries, as described in our report on the University System of Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the University System of Maryland Foundation, Inc., the University of Maryland College Park Foundation, Inc., the University of Maryland Baltimore Foundation, Inc., University of Maryland Faculty Physicians, 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., University of Maryland Orthopaedic Associates, P.A., University of Maryland Pediatric Associates, P.A., and UMGC Ventures, Inc. and Subsidiaries were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* 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 control, 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 control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Report on 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 financial statements. 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*.

University System of Maryland's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 22, 2023

2023 – 001: Material Excluded Component Units

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The System’s financial statements erroneously excluded three material component units.

Criteria or specific requirement: The requirements of GASB Statement No. 14 *The Financial Reporting Entity*, GASB statement No. 39 *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* provide guidance for determining whether or not separately governed organizations and entities meet the criteria for inclusion as component units.

Effect: Net assets as of June 30, 2022 related to discretely presented component units were understated by \$123,594,270. The System restated beginning net assets related to discretely presented component units to reflect the inclusion of the material previously excluded entities.

Cause: The System did not review potential component units for changes in operations or corporate structure that may warrant their inclusion in the reporting entity

Repeat Finding: No

Recommendation: We recommend the System establish a process to ensure that potential component units are reviewed for inclusion in the reporting entity.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

The System will create a database that will include pertinent corporate documents such as articles of incorporation, bylaws, operating agreements and annual audited financial statements as appropriate. These documents will be reviewed annually and updated in compliance with Board of Regents Policies on Business Entities and Philanthropic Foundations.

Planned completion date for corrective action plan: August 31, 2024

Information and Discussion – FYE 6/30/2023
Independent Audit of USM's Financial Statements
(CliftonLarsonAllen, LLP)

TOPIC: Independent Audit of USM Financial Statements for FYE June 30, 2023

COMMITTEE: Audit Committee

DATE OF COMMITTEE MEETING: January 29, 2024

SUMMARY:

The Engagement Partner for USM's Independent Auditor CliftonLarsonAllen, LLC will provide a report of their audit of USM's FYE 2023 financial statements.

attachment

FISCAL IMPACT: Information item

CHANCELLOR'S RECOMMENDATION: Information item

COMMITTEE ACTION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: David Mosca

2.2.2 January 2024 Audit Committee Presentation



University System of Maryland

FY23 Audit Update

January 29, 2024

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, **123/130** registered investment advisor

Scope of Services and Deliverables- FY23 Status

Opinion on financial statements for the year ending June 30, 2023

Issued on 1/12/24

Single audit testing as part of the State of Maryland Single Audit Report

In Process (due 3/31/24)

Governance communication letter *Issued on 1/12/24*

Campus enrollment agreed-upon procedures *In Process*

Howard P. Rawlings Scholarship Programs agreed-upon procedures

Recently commenced- audit guide issued on 12/6/23

Agreed-Upon Procedures in Conjunction with 2024 Bond Issuance

In Process



Responsibilities under US Generally Accepted Auditing Standards (GAAS)

Responsible for:

- Expressing an opinion on whether financial statements are in conformity with U.S. GAAP in all material respects.
- Expressing an opinion only over information identified in our report. Other information included will be reviewed, but not subject to testing.
- Performing audit in accordance with required auditing standards, including Government Auditing Standards



Responsibilities under GAAS (continued)

An audit in accordance with GAAS:

- Communication of significant matters related to audit, information required by regulations, or other information agreed upon with College.
- Does not relieve management of responsibilities.
- Includes consideration of internal control as basis for audit procedures; but not to opine on effectiveness of internal controls.



Timeline

Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024
FY23 Audit Prelim			FY23 Financial Audit - Final								
FY23 Single Audit - Global						FY23 Single Audit					
FY23 Enrollment AUP											
										FY23 MHEC AUP	



Unique Items

University of Maryland
Faculty Physicians Inc.
Emphasis of Matter

GASB 96, *SBITAs*

Passed Adjustment

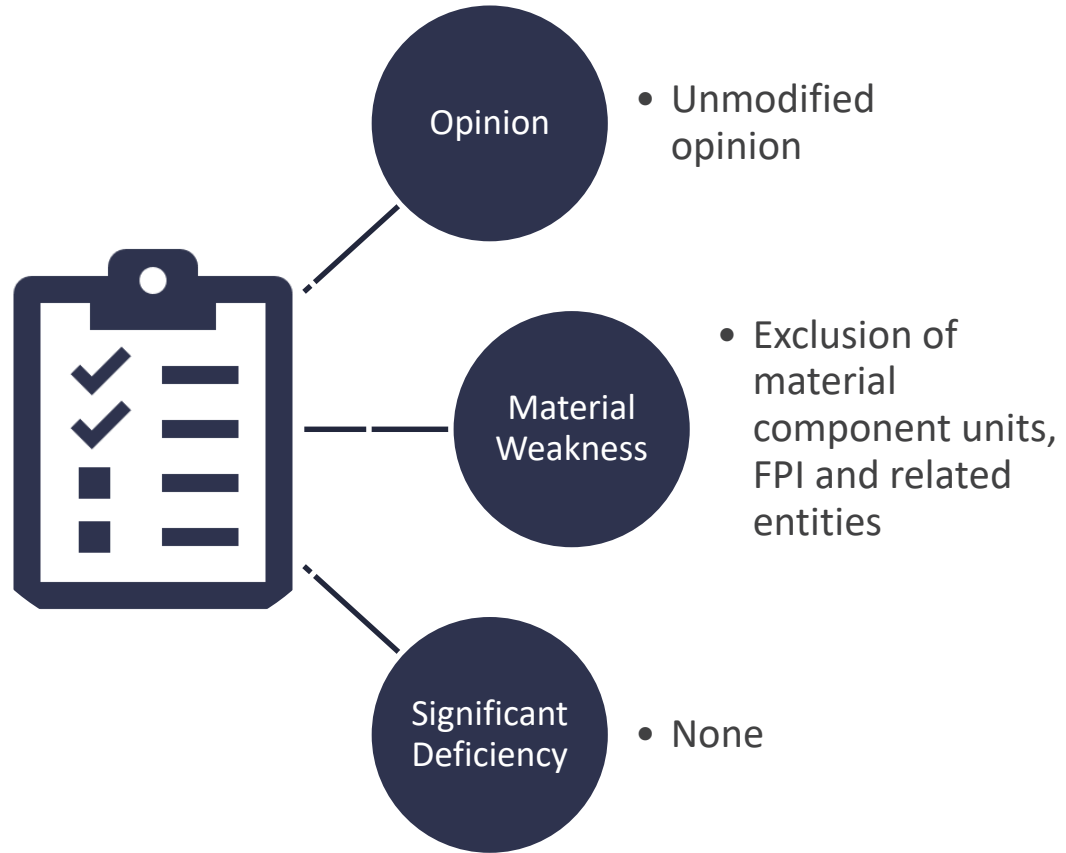
- Grant Reconciliation

Delay in Issuance

- Accounting standard implementation
- New component unit
- Institution delays



Financial Statement Audit Results



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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor