

**UNIVERSITY SYSTEM OF MARYLAND**

Financial Statements and Supplemental Data

For the Years Ended June 30, 2004 and 2003, together with  
Reports of Independent Auditors

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## Report of Independent Auditors

Board of Regents  
University System of Maryland

We have audited the accompanying basic financial statements of the University System of Maryland (the System), a component unit of the State of Maryland, and its discretely presented component units, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component units included as discretely presented amounts in the System's financial statements. The financial statements of the component units were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System and of its discretely presented component units as of June 30, 2004 and 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States.

As described in the notes to the financial statements, the System has implemented Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, as of July 1, 2002.

Management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying supplemental data contained on pages 36 to 77 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audits and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ernst + Young LLP*

November 5, 2004

## UNIVERSITY SYSTEM OF MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2004 AND 2003

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As management of the University System of Maryland (System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the years ended June 30, 2004 and 2003.

#### Financial Highlights

- § Unrestricted net assets increased by \$122,020,679 for the year ended June 30, 2004, after an increase of \$12,297,297 for the year ended June 30, 2003.
- § State appropriations legislated for the System decreased by more than 3% for the year ended June 30, 2004, to \$746,207,049. For the year ended June 30, 2003, State appropriations decreased by 11% from the amount received in the year ended June 30, 2002.
- § Tuition and fees, after deducting Scholarship allowances, increased by \$71,400,082, or just over 11%, for the year ended June 30, 2004. During the year ended June 30, 2003, net Tuition and fees increased by more than 12% to \$634,120,774, a result of a 7% increase in enrollment, and a 12% tuition hike.

#### Overview of the Financial Statements

The System's financial statements consist of three basic financial statements and the notes that provide information on the accounting alternatives used, and explanatory information and detail on certain financial statement elements. The three basic financial statements are the Balance Sheet, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The *Balance Sheet* presents information on the System's assets, liabilities and net assets, all as of the end of the reporting period, June 30, 2004 and June 30, 2003. Net assets represents the difference between assets and liabilities, and is detailed into classifications that help readers understand the constraints that the System must recognize in decisions on expending assets. Over time, changes in the level of net assets can help in understanding whether the financial condition of the System is improving or deteriorating.

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

The *Statement of Cash Flows* presents information on sources and uses of cash during the year. This statement details the changes in cash and cash equivalents from the amount reported at the

end of the preceding year, to the amounts reported in the Balance Sheet at the end of the year. Sources and uses are organized into operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

The System has adopted *Governmental Accounting Standards Board (GASB) Statement #39, Determining Whether Certain Organizations Are Component Units* starting with its fiscal year ended June 30, 2003. Accordingly, the System's financial statements include all accounts and balances of the System itself (considered the primary government in accounting terms), as well as 16 legally-separate and distinct entities for which the System is financially accountable, which are considered component units. Of the 16 component units, 3 are considered major component units due to their significance in terms of size, while the rest are considered non-major component units.

The emphasis of this Management's Discussion and Analysis is on the System itself. Reference should be made to the separately audited financial statements of the component units for additional information.

### **Financial Analysis**

At June 30, 2004, the System's financial health remains strong, with assets exceeding liabilities by

The table below presents summary-level information of the System's assets, liabilities, and net assets at June 30, 2004, 2003 and 2002.

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

For the years ended June 30, 2004, 2003 and 2002, Operating Revenues, which under the definitions used by GASB excludes State Appropriations, were recognized in the proportions shown below:

	<b>2004</b>		<b>2003</b>		<b>2002</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Tuition and fees	\$705,520,856	34.7%	\$634,120,774	32.8%	\$565,444,013	31.5%
Contracts and grants	825,688,567	40.6	820,017,889	42.4	792,275,851	44.2



## **Capital Asset and Debt Administration**

The System added \$374,010,787 in new capital assets during the year ended June 30, 2004. Of these additions, \$176,168,720 was funded through the use of State of Maryland debt proceeds or cash balances, \$105,626,496 was funded from the proceeds of System debt obligations, with the balance, \$92,215,571, purchased using System cash balances or received as donations.

During the year ended June 30, 2004, several significant projects were completed and placed in service. At the University of Maryland, Baltimore, a \$28 million parking garage and office building complex was completed that provides much needed inner-city parking as well as 3 floors of administrative office space. At the University of Maryland, College Park, a renovation and addition to the Health Center costing over \$14.5 million was substantially completed, as well as Phases 2 and 3 of work on the football team building, a project costing more than \$6 million. At the University of Maryland Eastern Shore, a new physical plant and central receiving facility costing almost \$9 million was placed in service, while at the University of Maryland Baltimore County, a \$32 million renovation of the Chemistry Building greatly enhances the institution's teaching and laboratory facilities. At the University of Maryland University College, a \$20 million addition to the hotel and conference center positions the facility to attract a greater portion of the regions conference activity.

The System added \$486,237,274 in new capital assets during the year ended June 30, 2003. Of these additions, \$206,898,819 was funded through the use of State of Maryland debt proceeds or cash balances, \$126,452,287 was funded from the proceeds of System debt obligations, with the balance, \$152,886,168, purchased using System cash balances or received as donations.

During the year ended June 30, 2003, several major projects were completed and placed in service. At the University of Maryland, Baltimore the \$79 million Health Sciences Research Facility II was completed, while at UMCP a \$30 million Chemistry / Teaching facility was placed in service. At Bowie State University, a \$12 million Science building is a significant addition to the campus. Towson University benefited from the completion of improvements and renovations to Minnegan Stadium that cost more than \$31 million, as well as the addition of a \$23 million parking garage. Frostburg State University has added the Compton Science Center, costing more than \$33 million, while a replacement for the Devilbiss Science Building at Salisbury University represents a significant investment of more than \$38 million on the state's Eastern Shore. At the University of Maryland, Baltimore County a major Information Technology and Engineering facility costing more than \$40 million was also completed during the fiscal year.

These facilities are but a small sample of the important investments in upgrading the System's academic and research facilities, as well as transforming campuses into learning communities.

The System continually pursues opportunities to reduce its overall effective cost of capital financing, and as conditions in the financial markets allow, refinances previously issued debt with new debt at lower interest costs. During the year ended June 30, 2004, the System refinanced approximately \$155,000,000 of previously issued Revenue Bonds, as a part of the use of \$246,155,000 of 2003 Series A & B Revenue Bonds issued in July 2003, and \$64,165,000 of 2004 Series A & B Revenue Bonds issued in June 2004. In August 2003, the System also issued \$65,000,000 of Revolving Loan Program Bonds 2003 Series A, of which \$49,585,000 of the proceeds were used to refund previously issued equipment obligations in the same amount. During the year ended June 30,

2003, the System refinanced approximately \$41,000,000 of previously issued Revenue Bonds, as a part of the \$142,350,000 of 2002 Series A Revenue Bonds issued in July 2002.

### **Economic Factors and Next Year's Budget and Rates**

The State of Maryland fiscal health has been strong throughout the recent downturn, but currently is stressed by several looming and large financial commitments, including a significant increase in funding of K-12 education, as well as continually increasing health care costs for state employees. This environment increases the possibility that the System will have to identify new and innovative sources of funding, or pursue a strategy of increasing tuition, to fund increases in expenditures to accommodate expected enrollment growth. Enrollment projections show continuing increases through the balance of the decade. The steady improvement in the research capabilities of several System institutions, and the development of the Washington-Baltimore region as a national focus of biotechnology position the System well for continued increases in research contracts and grants, particularly in the health sciences.

### **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, Maryland 20783.

**UNIVERSITY SYSTEM OF MARYLAND  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	June 30,	
	2004	2003
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$583,359,185	\$523,345,058
Accounts receivable, net	206,372,880	160,404,763
Notes receivable, current portion	12,333,692	15,695,392
Inventories	10,319,093	9,889,567
Prepaid expenses	3,770,825	2,413,951
Deferred charges	113,705	15,752
<b>Total current assets</b>	<b>816,269,380</b>	<b>711,764,483</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	93,057,152	12,185,550
Endowment investments	188,050,805	167,561,104
Other investments	17,303,008	17,397,858
Notes receivable, net	54,776,995	49,352,697
Capital assets, net	2,906,082,856	2,687,384,752
<b>Total noncurrent assets</b>	<b>3,259,270,816</b>	<b>2,933,881,961</b>
<b>Total assets</b>	<b>\$4,075,540,196</b>	<b>\$3,645,646,444</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$178,056,825	\$202,828,086
Accrued workers compensation, current portion	4,001,170	3,553,840
Accrued vacation costs, current portion	43,172,081	41,899,298
Revenue bonds and notes payable, current portion	50,321,584	49,606,998
Obligations under capital lease agreements, current portion	174,476	163,288
Deferred revenue	62,805,518	47,472,788
<b>Total current liabilities</b>	<b>338,531,654</b>	<b>345,524,298</b>
<b>Noncurrent liabilities:</b>		
Accrued workers compensation	21,812,830	19,374,160
Accrued vacation costs	76,783,931	75,739,311
Revenue bonds and notes payable	942,698,255	800,318,846
Obligations under capital lease agreements	4,878,579	5,053,054
<b>Total noncurrent liabilities</b>	<b>1,046,173,595</b>	<b>900,485,371</b>
<b>Total liabilities</b>	<b>1,384,705,249</b>	<b>1,246,009,669</b>
<b>NET ASSETS</b>		
Unrestricted	436,976,783	314,956,104
Invested in capital assets, net of related debt	1,988,672,006	1,832,242,566
Restricted:		
Nonexpendable:		
Scholarships and fellowships	10,128,568	8,207,000
Research	3,642,483	4,110,408
Other	14,629,708	11,427,326
Expendable:		
Scholarships and fellowships	36,154,593	29,508,414
Research	99,119,372	94,781,042
Loans	64,579,720	71,213,392
Capital projects	5,433,198	4,933,405
Other	31,498,516	28,257,118
<b>Total net assets</b>	<b>2,690,834,947</b>	<b>2,399,636,775</b>
<b>Total liabilities and net assets</b>	<b>\$4,075,540,196</b>	<b>\$3,645,646,444</b>



Non-major Component Units-----

	Total	The University of Maryland Foundation, Inc.	University of Maryland College Park Foundation, Inc.	University of Maryland Baltimore Foundation, Inc.	Medical Alumni Association of the University of Maryland, Inc.	M Club Foundation University of Maryland, Inc.	The Robert H. Smith School of Business Foundation, Inc.	Bowie State University Foundation, Inc.	Towson University Foundation, Inc.	Frostburg State University Foundation, Inc.	Coppin State College Development Foundation, Inc.	University of Baltimore Educational Foundation, Inc.	Salisbury University Foundation, Inc.	Maryland 4-H Foundation, Inc.	University Research Corporation International	The Maryland Center at Bowie State University, Inc.	University of Maryland Baltimore County Research Park
<b>Assets</b>																	
<b>Current assets</b>																	
Cash & equivalents	\$14,561,903	\$359,000	\$6,480,441	\$38,386	\$502,585	\$95,383	\$903,138	\$462,911	\$839,752	\$152,250	\$462,007	\$2,660,244	\$592,833	\$358,763	\$606,399	\$45,380	\$2,431
Accounts receivable	57,571,473	19,106,000	15,602,615	6,769,797	609,132	259,000	478,364	442,375	1,700,527	307,511	61,827	8,812,680	445,792	39,332	2,721,289		215,232
Investments	62,090,535				2,825,355	1,437,656	791,867	2,454,084	12,868,118	6,848,333		16,933,424	17,331,115		600,583		
Other assets	2,317,819	160,000	11,725		95,682	2,527	5,556			1,932,041	2,477		5,334	102,477			
Total current assets	136,541,730	19,625,000	22,094,781	6,808,183	4,032,754	1,794,566	2,178,925	3,359,370	15,408,397	9,240,135	526,311	28,406,348	18,369,740	403,429	4,030,748	45,380	217,663
<b>Investments</b>																	
Investments	395,756,268	218,924,000	101,986,415	60,329,046			30,252				4,923,050	2,832,648	5,455,540	1,275,317			
Total investments	395,756,268	218,924,000	101,986,415	60,329,046			30,252				4,923,050	2,832,648	5,455,540	1,275,317			
<b>Other assets</b>																	
Accounts receivable	55,775,972	15,199,000	30,366,216	9,856,247									354,509				
Capital assets, net	17,083,572	6,177,000			64,309				1,659,090	925		1,329,619	4,716,295	135,029	10,522	2,987,827	2,956
Other assets	5,853,800	3,254,000		2,431,945		19,510							148,345				
Total other assets	78,713,344	24,630,000	30,366,216	12,288,192	64,309	19,510						1,329,619	4,716,295	135,029	10,522	2,987,827	2,956
Total assets	\$16,245,381,882,956	\$3,254,000	\$35,631,381,924	\$19,244,000	\$6,480,441	\$1,794,566	\$2,178,925	\$3,359,370	\$15,408,397	\$9,240,135	\$526,311	\$28,406,348	\$18,369,740	\$403,429	\$4,030,748	\$45,380	\$217,663

**UNIVERSITY SYSTEM OF MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	Year ended June 30,			
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$835,120,699		\$743,567,588	
Less: scholarship allowances	(129,599,843)	\$705,520,856	(109,446,814)	\$634,120,774
Federal grants and contracts		514,739,981		492,038,197
State and local grants and contracts		134,493,070		145,810,816
Nongovernmental grants and contracts		176,455,516		182,168,876
Sales and services of educational departments		117,769,547		110,045,910
Auxiliary enterprises:				
Residential facilities	92,147,143		89,543,050	
Less: scholarship allowances	(9,092,233)	83,054,910	(8,730,370)	80,812,680
Dining facilities	73,425,757		67,534,633	
Less: scholarship allowances	(4,014,917)	69,410,840	(4,948,399)	62,586,234
Intercollegiate athletics	59,359,632		58,735,518	
Less: scholarship allowances	(1,948,672)	57,410,960	(2,239,369)	56,496,149
Bookstores	32,143,860		31,300,637	
Less: scholarship allowances	(75,153)	32,068,707	(93,446)	31,207,191
Parking facilities		27,786,052		24,399,321
Other auxiliary enterprises revenues	79,298,011		66,754,848	
Less: scholarship allowances	(68,431)	79,229,580		66,754,848
Other operating revenues		34,492,055		46,590,748
<b>Total operating revenues</b>		<b>2,032,432,074</b>		<b>1,933,031,744</b>
<b>OPERATING EXPENSES:</b>				
Instruction		803,837,622		807,051,018
Research		561,607,859		556,109,081
Public service		141,205,563		157,652,331
Academic support		229,764,549		232,637,110
Student services		102,587,413		102,421,943
Institutional support		271,023,443		258,672,693
Operation and maintenance of plant		195,529,348		180,072,055
Scholarships and fellowships		44,144,996		47,721,086
Auxiliary enterprises:				
Residential facilities		76,020,789		72,968,608
Dining facilities		61,721,346		56,230,266
Parking facilities		21,044,692		19,297,520
Intercollegiate athletics		58,216,376		71,864,463
Bookstore		30,137,069		30,105,414
Other auxiliary enterprises expenses		56,673,179		62,376,000
Hospital		56,208,858		46,022,357
<b>Total operating expenses</b>		<b>2,709,723,102</b>		<b>2,701,201,945</b>
<b>Operating loss</b>		<b>(677,291,028)</b>		<b>(768,170,201)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		746,207,049		771,877,201
Gifts		14,951,158		24,402,376
Investment income	39,986,751		20,121,648	
Less: Investment expense	(901,541)	39,085,210	(587,597)	19,534,051
Interest on indebtedness		(38,995,889)		(39,912,581)
Other nonoperating revenues (expenses)		13,074,556		19,849,256
<b>Total nonoperating revenue (expenses)</b>		<b>774,322,084</b>		<b>795,750,303</b>
<b>Income before other revenues, expenses, gains and losses</b>				

The University    University of Maryland    University of Maryland    Non-major Component Units-----  
Medical Alumni    M Club    The Robert H.    Bowie State    Towson    Frostburg    Coppin State    University of    Salisbury    Maryland    University    The Maryland    University of  
Association of    Foundation,    Smith School             College    Baltimore       Research    Center at    Maryland





**UNIVERSITY SYSTEM OF MARYLAND  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>Year ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$705,588,950	\$644,823,816
Research contracts and grants	794,856,188	844,157,478
Payments to employees	(1,813,939,307)	(1,792,501,401)
Payments to suppliers and contractors	(755,399,873)	(745,734,028)
Loans issued to students	(15,650,256)	(14,579,892)
Collections of loans to students	13,736,644	14,633,190
Auxiliary enterprises:		
Residential facilities	81,221,580	85,781,208
Dining facilities	64,286,214	56,857,796
Intercollegiate athletics	58,612,994	57,032,699
Bookstores	36,444,494	31,206,655
Parking facilities	31,744,883	24,561,899
Other	73,530,611	70,132,024
Other receipts	143,242,968	144,571,120
<b>Net cash used by operating activities</b>	<b>(581,723,910)</b>	<b>(579,057,436)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	746,207,049	771,877,201
Nonoperating gifts	14,951,158	9,256,004
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	4,479,481	2,852,466
Other nonoperating gains and losses	12,754,703	18,070,435
<b>Net cash provided by noncapital financing activities</b>	<b>778,392,391</b>	<b>802,056,106</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2004 AND 2003**

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**ORGANIZATION AND PURPOSE**

The University System of Maryland (the System) is a component unit of the State of Maryland (the

The following affiliated foundations are considered nonmajor component units:

Medical Alumni Association of the University of Maryland, Inc.  
The Robert H. Smith School of Business Foundation, Inc.  
M Club Foundation University of Maryland, Inc.  
The Maryland 4-H Foundation, Inc.  
University Research Corporation International  
Bowie State University Foundation, Inc.  
The Maryland Center @ Bowie State University  
Towson University Foundation, Inc.  
Frostburg State University Foundation, Inc.  
Coppin State College Development Foundation, Inc.  
University of Baltimore Educational Foundation, Inc. and University Properties, Inc.  
Salisbury University Foundation, Inc.  
UMBC Research Park Corporation, Inc.

During the years ended June 30, 2004 and 2003, the foundations distributed approximately \$60,000,000 and \$56,000,000, respectively, to the System including its institutions for both restricted and unrestricted purposes.

All of the System's component units are nongovernmental entities that prepare financial statements using the principals and accounting standards promulgated by the Financial Accounting Standards Board (FASB).

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

The University of Maryland, Baltimore provides services to hospital and critical care facilities under contractual arrangements with the State. The expenditures relating to these activities are reported within the hospital functional category. The revenues derived from these activities are reported primarily as contract and grant revenues.

**Measurement Focus and Basis of Accounting** - For financial reporting purposes, the System is considered a special-purpose government engaged only in business-type activities. Accordingly, the System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

**Application of Accounting Standards** - The System has the option to apply all FASB pronouncements issued after November 30, 1989, except for instances in which a pronouncement of the FASB conflicts with pronouncements of the GASB. The System has elected to not apply FASB pronouncements issued after November 30, 1989.

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

**Operating and Nonoperating Revenues and Expenses** - Operating revenues and expenses are generally associated with those activities that relate directly to the core activities of instruction, research and public service that form the essence of the System's mission. Nonoperating revenues, expenses, gains and losses represent amounts that recur regularly but are not included in Operating revenues and expenses. *GASB Statement #34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* specifically defines State appropriations as Nonoperating revenues.

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

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

**Capital Assets** - Property, plant, equipment, and books and materials which are part of a catalogued library, are stated principally at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Personal property with an original cost of more than \$5,000 and outlays for real property in excess of \$250,000 are considered capital assets.

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

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

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

**Reclassifications** – Certain amounts for the year ended June 30, 2003 have been reclassified to conform with the presentation of revenues, expenses and other changes in net assets for the year ended June 30, 2004.

**Pending change in accounting principles** – In March 2003, *GASB Statement #40, Deposit and Investment Risk Disclosures*

In November 2003, *GASB Statement #42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, was issued, which requires that financial statements reflect adjustments for changes in the utility of capital assets when technology, environmental events, or physical damage diminish the usefulness of a capital asset for its intended purpose or use. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2006 in accordance with the new requirements.

In June 2004, *GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was issued. This statement will require employers to report systematic, accrual-based measurement and recognition of other post-employment benefit arrangements in the financial statements. The System is in the process of assessing the impact of this new accounting standard and will present its financial statements for the year ended June 30, 2008 in accordance with the new requirements.

## 1. CORRECTION OF ACCOUNTING ERROR

On July 1, 2001, the System implemented the requirements of *GASB Statement #34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and *GASB Statement #35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The need to depreciate capital assets required that the System review and itemize all of its capital asset amounts at a detailed asset level, and apply a set of standard depreciation conventions and rules. Several institutions did not complete this process until the year ended June 30, 2004, and accordingly, are now adjusting the cost value and accumulated depreciation amounts. The resulting accounting adjustments, representing a reduction of \$32,399,607 in the recorded amount of the net assets category, Invested in capital assets, net of capital debt, were calculated as of June 30, 2002, and have been recorded as an adjustment to the July 1, 2002 net assets amount.

## 2. CASH AND CASH EQUIVALENTS

At June 30, Cash and cash equivalents consist of the following:

	<u>2004</u>	<u>2003</u>
Cash and short-term investments on deposit with the State Treasurer	\$570,525,766	\$502,820,896
Demand and time deposits	7,279,158	4,060,565
Mutual funds and money market funds, at fair value	98,611,413	28,649,147
Total	<u>\$676,416,337</u>	<u>\$535,530,608</u>

At June 30, 2004, and 2003 the carrying amount of the System's demand and time deposits was \$7,279,158 and \$4,060,565, as compared to bank balances of \$11,685,019 and \$8,780,338, respectively. The difference is primarily caused by items in-transit. Of the bank balances, \$11,216,732 and \$7,881,929 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 \$468,287 and \$898,409 was uninsured and uncollateralized at June 30, 2004 and 2003, respectively.

The Annotated Code of Maryland requires the System to maintain its cash balances, except for assets associated with endowment funds or proceeds of System financing arrangements, on deposit with the State Treasurer. The State Treasurer maintains these and other State funds on a pooled basis in accordance with the Annotated Code of Maryland. Thus, the System's share of this pool cannot be categorized in accordance with *GASB Statement #3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*.

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 not more than 365 days, in any bank, savings institution or trust company to the extent such deposits are fully insured or collateralized.

Commercial paper rated at least A-1 by Standard & Poor's Corporation (Standard & Poor's) and P-1 by Moody's Investors Service, Inc. (Moody's) having a maturity of not more than 270 days.

Repurchase agreements.

Obligations of any state or political subdivision rated by Standard & Poor's and Moody's in one of its two highest rating categories.

Corporate obligations rated AAA by Standard & Poor's and Aaa by Moody's.

At June 30, Restricted cash and cash equivalents includes:

	<u>2004</u>	<u>2003</u>
Endowment funds uninvested cash	\$7,966,286	\$7,252,145
Unspent proceeds of debt	85,090,866	4,933,405
Total	<u>\$93,057,152</u>	<u>\$12,185,550</u>

### 3. INVESTMENTS

#### Endowment investments

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

	<u>2004</u>	<u>2003</u>
U.S. and state government obligations	\$12,906,218	\$10,119,013
Asset-backed securities	8,741,972	11,871,643
Corporate debt securities	13,330,329	18,725,434
Corporate equity securities	153,072,286	126,845,014
	<u>\$188,050,805</u>	<u>\$167,561,104</u>

spending of 5.0% of a rolling twelve-quarter average market value of the endowment fund. The spending rule is reviewed periodically by the Finance Committee of the Board of Regents. Net appreciation on investments of the endowment funds approximates \$148,600,000 and \$110,000,000 at June 30, 2004 and 2003, respectively. Reinvestments of net appreciation are considered to be subject to the same restrictions as the original gift amounts, and accordingly, are reflected as a component of restricted, expendable net assets.

The Maryland Uniform Management of Institutional Funds Act governs the use of net appreciation, both realized and unrealized, of Endowment investments. This law allows a governing board to appropriate for expenditure only those amounts in excess of the historic gift amount that are prudent, taking into consideration long and short term needs of the institution in carrying out its educational, religious, charitable, or other eleemosynary purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

### Other investments

Other investments include securities and ownership interests received as either a gift, or in exchange for services and use of facilities provided to start-up businesses. The carrying value of Other investments is assessed on an annual basis by reference to the value of underlying assets, estimates of future cash flows, or published market prices for the securities where available. Other investments are categorized, in accordance with *GASB Statement #3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, as being insured or registered, or securities held by the System or its agent in the System's name.

Investment income is assigned to the accounting funds, including Endowments, in proportions associated with investments held by the various accounting funds. For the years ended June 30, 2004 and 2003, investment income attributed to unrestricted funds and restricted funds was:

	<u>2004</u>	<u>2003</u>
Unrestricted funds	\$19,823,821	\$16,286,479
Restricted funds	20,162,930	3,835,169
	<u>\$39,986,751</u>	<u>\$20,121,648</u>
Total investment income		

### Major component units

The University of Maryland Foundation, Inc. invests funds on behalf of several other System component units. All of the amounts reported as investments by the University of Maryland College





UNIVERSITY SYSTEM OF MARYLAND

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2004 AND 2003

	July 1, 2002			June 30, 2003			June 30, 2004
	Balance	Additions	Decreases	Balance	Additions	Decreases	Balance
<b>Capital assets being depreciated:</b>							
Infrastructure & Land Improvements	\$150,227,783	\$21,429,349	\$2,202,148	\$169,454,984	\$13,937,022	\$123,342	\$183,268,664
Buildings & Improvements	2,483,122,836	420,417,488	27,220,847	2,876,319,477	372,193,588	3,065,211	3,245,447,854
Contents	616,995,492	73,313,415	29,008,031	661,300,876	69,229,066	21,843,268	708,686,674
Facilities recorded under capital lease agreements	4,136,104			4,136,104			4,136,104
<b>Total capital assets being depreciated</b>	<b>3,254,482,215</b>	<b>515,160,252</b>	<b>58,431,026</b>	<b>3,711,211,441</b>	<b>455,359,676</b>	<b>25,031,821</b>	<b>4,141,539,296</b>
<b>Less accumulated depreciation for:</b>							
Infrastructure & Land Improvements	71,564,115	2,315,968		73,880,083	9,607,307		83,487,390
Buildings & Improvements	955,268,359	76,247,504	17,436,106	1,014,079,757	81,097,782	3,065,211	1,092,112,328
Contents	405,594,730	50,030,318	15,648,969	439,976,079	51,233,487	13,180,947	478,028,619
Facilities recorded under capital lease agreements	1,654,503	88,634		1,743,137	187,113		1,930,250
<b>Capital assets not being depreciated:</b>							
Land	67,215,268	13,690,782		80,906,050	21,084,665	4,396,111	97,594,604
Contents	9,672,218	7,031,146		16,703,364	2,766,122	5,220	19,464,266
Construction in progress	457,887,859	286,031,580	335,676,486	408,242,953	183,241,232	288,440,908	303,043,277
<b>Total capital assets not being depreciated</b>	<b>534,775,345</b>	<b>306,753,508</b>	<b>335,676,486</b>	<b>505,852,367</b>	<b>207,092,019</b>	<b>292,842,239</b>	<b>420,102,147</b>
<b>Capital assets, net</b>	<b>\$2,355,175,853</b>	<b>\$693,231,336</b>	<b>\$361,022,437</b>	<b>\$2,687,384,752</b>	<b>\$520,326,006</b>	<b>\$301,627,902</b>	<b>\$2,906,082,856</b>

## 5. ACCOUNTS RECEIVABLE, NOTES RECEIVABLE, AND ACCOUNTS PAYABLE

Accounts receivable at June 30, 2004 and 2003 were comprised of:

	<u>2004</u>	<u>2003</u>
Tuition and fees	\$90,605,112	\$71,021,628
Contracts and grants	114,345,909	83,202,999
Other	18,199,908	20,120,488
	<hr/>	
Subtotal	223,150,929	174,345,115
Allowance for doubtful accounts	(16,778,049)	(13,940,352)
	<hr/>	
Accounts receivable, net	<u>\$206,372,880</u>	<u>\$160,404,763</u>

Notes receivable at June 30, 2004 and 2003 were comprised of:

	<u>2004</u>	<u>2003</u>
Student loans	\$71,438,138	\$69,027,327

Accounts receivable include unconditional promises to contribute pledged to the affiliated foundations. Promised contributions are recorded at a discounted value that reflects the time value of money. At June 30, 2004 and 2003, contributions receivable are due as follows:

**University of Maryland Foundation, Inc.**

Due	Discount rates	2004	2003
Within one year		\$16,020,000	\$9,567,000
One to five years	1.125% – 6.5%	11,987,000	10,973,000
More than five years	4.38% - 6.75%	1,891,000	293,000
Subtotal		29,898,000	20,833,000
Interest component		(3,047,000)	(1,594,000)
Net contributions receivable		\$26,851,000	\$19,239,000

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

Due	2004	2003
Within one year	\$13,304,451	\$15,735,398
One to five years	23,037,228	29,608,620

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Equipment Loan Program Obligations (the Equipment Obligations) include debt issued in 1992 pursuant to an Indenture of Trust, an agreement entered into with a trustee for the benefit of holders of Equipment Obligations, dated June 1, 1992, and amounts issued during 1996, 1997 and 2000 under a separate agreement dated April 1, 1995.

On August 8, 2003, the System issued \$65,000,000 of University System of Maryland Revolving Loan Program Bonds, 2003 Series A. The Revolving Loan Program Bonds, 2003 Series A consist of auction reset securities, meaning that interest is calculated on outstanding Revolving Loan Program Bonds using rates of interest determined through a periodic auction process. The Revolving Loan Program Bonds, 2003 Series A mature on July 1, 2023, and may be converted to fixed interest rate instruments at the option of the System. A portion of the proceeds, \$45,585,000, was used to refund \$45,000,000 of Revolving Equipment Loan Program Obligations and \$4,585,000 of Equipment Loan Program Obligations.

At June 30, 2004, cash and cash equivalents in the amount of \$10,325,271 was held by the trustee as unspent proceeds of the Revolving Loan Program Bonds.

### **Certificates of Participation**

The System issued \$17,800,000 of variable rate Certificates of Participation on October 30, 2000 to finance the construction of an addition to the School of Business at the University of Maryland, College Park. Payments of principal will be made annually on June 1 beginning in 2003 and ending June 1, 2015. Interest is payable semiannually on December 1 and June 1. Interest charges are determined on a weekly basis by a remarketing agent, using the lowest rate that would permit the sale of the Certificates at par plus accrued interest. The System has the option of converting the Certificates to a daily rate, a multi-annual rate, a commercial paper rate, or a fixed rate.

### **Other**

Other debt and notes payable includes amounts borrowed to finance facilities, equipment acquisitions, and other improvements designed to enhance energy efficiency savings. The System is subject to Federal arbitrage laws governing the use of proceeds of tax-exempt debt. Future principal and interest payments are as follows:

Year ending June 30,	Auxiliary Facility and Tuition Revenue Bonds		Notes Payable and Other Long-term Debt		Total Payments
	Principal	Interest	Principal	Interest	
2005	\$48,497,734	\$43,225,871	\$1,823,851	\$4,948,090	\$98,495,546
2006	53,865,000	39,745,291	2,633,037	4,856,507	101,099,835
2007	56,955,000	37,231,787	1,906,676	4,733,257	100,826,720
2008	59,295,000	34,495,698	2,032,302	4,640,715	100,463,715
2009	61,670,000	31,706,983	2,179,176	4,540,213	100,096,372
2010 – 2014	256,935,000	117,786,742	12,863,009	20,939,560	408,524,311
2015 – 2019	220,065,000	60,977,067	4,663,391	18,343,279	304,048,737

2020 -- 2024	122,780,000	14,442,882	67,642,914	14,411,120	219,276,916
Total	<u>\$880,062,734</u>	<u>\$379,612,321</u>	<u>\$95,744,356</u>	<u>\$77,412,741</u>	<u>\$1,432,832,152</u>

## 7. LEASES

### Obligations under capital leases agreements

The System (the University of Maryland Biotechnology Institute) leases a facility under an agreement recorded as a capital lease. The obligation is recorded at the present value of future minimum lease payments using a discount rate of 6.8%.

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

<u>Year ending June 30,</u>	<u>Total</u>
2005	\$511,986
2006	511,986
2007	511,986
2008	511,986
2009	511,986
2010 – 2014	2,559,930
2015 – 2019	2,559,930
2020 - 2022	<u>767,978</u>
Total future lease payments	8,447,768
Interest component	<u>(3,394,713)</u>
Obligations under capital lease agreements	<u><u>\$5,053,055</u></u>

### Operating leases

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

Future minimum payments on operating leases with an initial or remaining noncancelable term in excess of one year are as follows:

Year ending June 30,	Minimum Annual Lease Payments
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2007	2,373,195
2008	1,740,075
2009	1,858,396
2010 - 2014	<u>371,177</u>
Total	<u><u>\$18,015,804</u></u>

Operating lease expenditures for the years ended June 30, 2004 and 2003 were \$6,306,648 and \$7,355,866, respectively.

The System has entered into lease agreements with developers at seven of its institutions. These agreements provide the developers the use of System land for periods of 30 to 40 years. In each agreement, the developer will construct and manage the properties to provide housing services to students.

#### **8. OTHER POSTEMPLOYMENT BENEFITS**

Former System employees who are receiving retirement benefits may participate in the State health care insurance plans. These plans, which provide insurance coverage for medical, dental and hospital costs, are funded currently by the payment of premiums to the carriers and, under State

**UNIVERSITY SYSTEM OF MARYLAND**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2004 AND 2003**

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**9. CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the years ended June 30, 2004 and 2003 were as follows:

**July 1, 2002**

**June 30, 2003**

**June 30, 2004    Due Within**

## **11. RETIREMENT AND PENSION PLANS**

Most System employees participate in the State's Retirement and Pension Systems (the State Systems), which is an agent, multiple-employer public employee retirement system. While the State Systems is an agent, multiple-employer public employee retirement system, the University System of Maryland accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the University System of Maryland, and the only obligation to the plan is its required annual contributions. The State Systems prepare a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension Systems at 120 East Baltimore Street, Baltimore, Maryland 21202.

Certain employees participate in an optional program with the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF).

### **State Systems**

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

The State Systems are defined benefit plans with unfunded accrued actuarial liabilities. The State Systems, which are administered in accordance with Article 73B of the Annotated Code of Maryland, are managed by a Board of Trustees, and are included in the State of Maryland financial reporting entity. Article 73B is the authority under which benefit provisions and contributions are established and amended.

Participants in the State Systems may receive retirement benefits after satisfying age and length of service requirements. Retirement benefits under each of the State Systems plans are based on the length of service and the average of the highest three consecutive years' compensation. Retirement benefits are paid on a monthly basis.

All four State Systems plans provide retirement, death and disability benefits in accordance with State statutes.

#### ***Funding Policy***

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

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

The System made its required contributions during the years ended June 30, 2004, 2003, and 2002 of \$26,867,274, \$27,492,297, and \$19,968,345, respectively.

## **TIAA-CREF**

Some employees participate in the optional TIAA-CREF programs, which are defined contribution money purchase plans funded currently each year. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. Qualified employees are eligible to participate from the date of employment. State legislation provides that the System contribute 7.25% of covered employees' total salaries each month and that the employee may elect to contribute 5% of total annual salary or 5% of total annual salary in excess of the Social Security wage base. The System's contribution along with that of the employee is immediately and fully vested. The contributions for the year ended June 30, 2004 were \$90,741,621, which consisted of

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

The System records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2004 and 2003. Settlement amounts have not exceeded insurance coverage levels for the years ending June 30, 2004, 2003, or 2002.

As of June 30, 2004 and 2003, the System has recorded

UNIVERSITY OF MARYLAND, BALTIMORE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003

2004

2003

UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2004 AND 2003

Component

**UNIVERSITY OF MARYLAND, BALTIMORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$51,078,924	\$38,350,003
Research contracts and grants	276,941,210	295,824,229
Payments to employees	(392,310,230)	(365,028,122)
Payments to suppliers and contractors	(146,537,370)	(148,576,494)
Loans issued to students	(6,009,602)	(5,963,479)
Collections of loans to students	5,090,321	5,439,100
Auxiliary enterprises:		
Residential facilities	867,376	1,527,926
Bookstore	283,982	285,049
Parking facilities	10,959,344	10,406,187
Other	4,515,538	8,222,645
Other receipts (payments)	<u>78,919,743</u>	<u>74,423,310</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>(116,200,764)</u></b>	<b><u>(85,089,646)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	132,174,751	137,139,954
Nonoperating gifts	2,146,386	3,358,637
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	4,114,857	318,697
Other nonoperating gains and losses	<u>257,232</u>	<u>1,015,926</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<b><u>138,693,226</u></b>	<b><u>141,833,214</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	24,358,065	29,849,864
Capital appropriations	42,976,719	45,522,216
Capital grants and gifts received	112,106	71,171
Purchases of capital assets	(87,934,136)	(94,703,766)
Principal paid on debt and capital leases	(13,144,523)	(11,736,765)
Interest paid on debt and capital leases	(4,015,275)	(2,306,986)
Transfers (to) from other University System of Maryland institutions	<u>(633,141)</u>	<u>(1,551,101)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<b><u>(38,280,185)</u></b>	<b><u>(34,855,367)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	69,581,855	89,038,684
Interest on investments	3,105,104	185,416
Investment expense	(358,573)	(224,857)
Purchases of investments	<u>(69,575,654)</u>	<u>(83,648,697)</u>
<b>Net cash provided (used) by investing activities</b>	<b><u>2,752,732</u></b>	<b><u>5,350,546</u></b>
<b>Net increase (decrease) in cash</b>	<b>(13,034,991)</b>	<b>27,238,747</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b><u>135,468,457</u></b>	<b><u>108,229,710</u></b>
<b>Cash and cash equivalents - end of the year</b>	<b><u>\$122,433,466</u></b>	<b><u>\$135,468,457</u></b>



**UNIVERSITY OF MARYLAND, COLLEGE PARK  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$233,849,080	\$14,730,876	\$189,154,109	\$8,473,124
Investments		3,144,186		2,830,106
Accounts receivable, net	46,951,871	26,198,504	47,839,902	25,558,600
Notes receivable, current portion	4,786,100		4,736,251	
Inventories	1,830,668		1,982,316	
Prepaid expenses, deferred charges and other assets	1,066,242	496,634	634,730	219,619
Inter-institutional balances	3,440,066		569,973	
<b>Total current assets</b>	<b>291,924,027</b>	<b>44,570,200</b>	<b>244,917,281</b>	<b>37,081,449</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	5,771,802		6,138,468	
Endowment investments	98,129,298	252,666,294	89,414,163	225,936,984
Other investments	17,116,638		17,209,638	
Notes receivable, net	6,279,142	25,680,043	6,550,582	33,312,216
Other assets		1,219,239		2,094,510
Capital assets, net	1,104,593,981	1,447,707	1,051,086,374	1,484,551
<b>Total noncurrent assets</b>	<b>1,231,890,861</b>	<b>281,013,283</b>	<b>1,170,399,225</b>	<b>262,828,261</b>
<b>Total assets</b>	<b>\$1,523,814,888</b>	<b>\$325,583,483</b>	<b>\$1,415,316,506</b>	<b>\$299,909,710</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$60,604,946	\$7,536,913	\$73,540,073	\$11,212,896
Accrued workers compensation, current portion	1,499,625		1,320,600	
Accrued vacation costs, current portion	18,901,935		19,096,796	
Revenue bonds and notes payable, current portion	20,804,591		23,493,257	
Deferred revenue	31,171,123	3,280,869	27,880,858	3,456,005
<b>Total current liabilities</b>	<b>132,982,220</b>	<b>10,817,782</b>	<b>145,331,584</b>	<b>14,668,901</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	8,175,375		7,199,400	
Accrued vacation costs	21,512,376		20,719,854	
Other payables		1,994,138		1,589,622
Revenue bonds and notes payable, net	377,819,283		351,979,436	
<b>Noncurrent liabilities</b>	<b>407,507,034</b>	<b>1,994,138</b>	<b>379,898,690</b>	<b>1,589,622</b>
<b>Total liabilities</b>	<b>540,489,254</b>	<b>12,811,920</b>	<b>525,230,274</b>	<b>16,258,523</b>
<b>NET ASSETS</b>				

UNIVERSITY OF MARYLAND, COLLEGE PARK  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 YEARS ENDED JUNE 30, 2004 AND 2003

			Component Units		Component Units
<b>OPERATING REVENUES:</b>					
Tuition and fees	\$290,772,796			\$244,190,693	
Less: scholarship allowances	(48,102,263)	\$242,670,533		(32,875,063)	\$211,315,630
Federal grants and contracts		223,464,263			208,217,930
State and local grants and contracts		33,616,278			42,885,905
Nongovernmental grants and contracts		46,045,417			50,606,139
Sales and services of educational departments		25,242,592			20,503,927
Auxiliary enterprises:					
Residential facilities	37,538,605			33,194,714	
Less: scholarship allowances	(3,421,939)	34,116,666		(3,612,725)	29,581,989
Dining facilities	33,185,221			28,288,002	

UNIVERSITY OF MARYLAND, COLLEGE PARK  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$239,421,756	\$214,676,228
Research contracts and grants	301,804,032	308,207,272
Payments to employees	(699,977,473)	(710,517,331)
Payments to suppliers and contractors	(251,727,259)	(241,871,117)
Loans issued to students	(2,383,318)	(2,979,028)

**BOWIE STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$2,272,488	\$659,416	\$3,132,010	\$465,342
Investments		2,776,168		2,454,084
Accounts receivable, net	4,630,112	531,364	5,387,509	657,607
Notes receivable, current portion	224,670		690,153	
Prepaid expenses, deferred charges and other assets		2,867		
Inter-institutional balances	(869,221)		(2,398,790)	
<b>Total current assets</b>	<b>6,258,049</b>	<b>3,969,815</b>	<b>6,810,882</b>	<b>3,577,033</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	849,680		459,327	
Notes receivable, net	576,264			
Capital assets, net	73,205,470	1,885	75,127,594	2,956
<b>Total noncurrent assets</b>	<b>74,631,414</b>	<b>1,885</b>	<b>75,586,921</b>	<b>2,956</b>
<b>Total assets</b>	<b>\$80,889,463</b>	<b>\$3,971,700</b>	<b>\$82,397,803</b>	<b>\$3,579,989</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$3,833,729	\$90,516	\$6,278,259	\$79,408
Accrued workers compensation, current portion	68,045		62,620	
Accrued vacation costs, current portion	803,512		657,946	
Revenue bonds and notes payable, current portion	1,056,170		1,013,577	
Deferred revenue	413,183	45,964	372,679	
<b>Total current liabilities</b>	<b>6,174,639</b>	<b>136,480</b>	<b>8,385,081</b>	<b>79,408</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	370,955		341,380	
Accrued vacation costs	1,205,269		986,918	
Revenue bonds and notes payable, net	16,759,490		14,615,058	
<b>Total noncurrent liabilities</b>	<b>18,335,714</b>		<b>15,943,356</b>	
<b>Total liabilities</b>	<b>24,510,353</b>	<b>136,480</b>	<b>24,328,437</b>	<b>79,408</b>

**BOWIE STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

			Component Units		Component Units
<b>OPERATING REVENUES:</b>					
Tuition and fees	\$25,136,303			\$21,884,323	
Less: scholarship allowances	(5,859,902)	\$19,276,401		(4,357,346)	\$17,526,977
Federal grants and contracts		10,213,775			12,853,589
State and local grants and contracts		3,243,409			2,481,435

**BOWIE STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$19,259,746	\$18,321,959
Research contracts and grants	15,261,870	15,545,791
Payments to employees	(38,855,466)	(37,708,141)
Payments to suppliers and contractors	(22,281,487)	(20,965,307)
Loans issued to students	(360,636)	(206,430)
Collections of loans to students	249,855	265,556
Auxiliary enterprises:		
Residential facilities	2,123,390	2,572,386
Dining facilities	2,038,761	1,576,623
Intercollegiate athletics	1,941,152	1,584,772
Bookstores	288,736	
Parking facilities		209,830
Other	2,595,002	1,512,131
Other receipts (payments)	<u>637,015</u>	<u>280,335</u>
<b>Net cash provided (used) by operating activities</b>	<u>(17,102,062)</u>	<u>(17,010,495)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	20,712,299	21,183,759
Other nonoperating gains and losses	<u>259,327</u>	
<b>Net cash provided (used) by noncapital financing activities</b>	<u>20,971,626</u>	<u>21,183,759</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	2,772,051	1,011,255
Capital appropriations	1,825,664	6,817,558
Purchases of capital assets	(5,214,881)	(10,644,030)
Principal paid on debt and capital leases	(2,964,155)	(1,731,083)
Interest paid on debt and capital leases	(493,289)	(554,675)
Transfers (to) from other University System of Maryland institutions	<u>(268,383)</u>	<u>2,353,744</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(4,342,993)</u>	<u>(2,747,231)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	<u>4,260</u>	<u>5,059</u>
<b>Net cash provided (used) by investing activities</b>	<u>4,260</u>	<u>5,059</u>
<b>Net increase (decrease) in cash</b>	(469,169)	1,431,092
<b>Cash and cash equivalents - beginning of the year</b>	<u>3,591,337</u>	<u>2,160,245</u>
<b>Cash and cash equivalents - end of the year</b>	<u><u>\$3,122,168</u></u>	<u><u>\$3,591,337</u></u>

**TOWSON UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$45,417,260	\$821,903	\$40,622,336	\$839,752
Investments		15,528,062		12,868,118
Accounts receivable, net	11,636,078	1,769,906	11,420,786	1,700,527
Notes receivable, current portion	3,671,423		3,305,193	
Inventories	2,317,859		2,400,733	
Prepaid expenses	1,114,175		694,845	
Inter-institutional balances	(717,716)		(1,203,359)	
<b>Total current assets</b>	<b>63,439,079</b>	<b>18,119,871</b>	<b>57,240,534</b>	<b>15,408,397</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	191,767		722,078	
Endowment investments	4,228,427		3,726,630	
Notes receivable, net	10,688,751		9,818,521	
Capital assets, net	221,675,461	1,819,419	218,898,416	1,659,090
<b>Total noncurrent assets</b>	<b>236,784,406</b>	<b>1,819,419</b>	<b>233,165,645</b>	<b>1,659,090</b>
<b>Total assets</b>	<b>\$300,223,485</b>	<b>\$19,939,290</b>	<b>\$290,406,179</b>	<b>\$17,067,487</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$14,349,003	\$149,804	\$22,499,691	\$154,973
Accrued workers, compensation, current portion	325,655		271,095	
Accrued vacation costs, current portion	3,254,590		3,692,932	
Revenue bonds and notes payable, current portion	4,782,899		6,712,519	
Deferred revenue	4,218,706		3,579,427	
<b>Total current liabilities</b>	<b>26,930,853</b>	<b>149,804</b>	<b>36,755,664</b>	<b>154,973</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	1,775,345		1,477,905	
Accrued vacation costs	3,383,825		3,293,050	
Revenue bonds and notes payable, net	94,377,891		99,367,532	
<b>Total noncurrent liabilities</b>	<b>99,537,061</b>		<b>104,138,487</b>	
<b>Total liabilities</b>	<b>126,467,914</b>	<b>149,804</b>	<b>140,894,151</b>	<b>154,973</b>
<b>NET ASSETS</b>				
Unrestricted	28,017,893	2,357,015	12,067,267	2,130,773
Invested in capital assets, net	122,514,671		112,818,365	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	233,038	7,166,507	233,038	6,472,701
Research		5,874		5,624
Other	5,000	4,032,252		3,843,569
Expendable:				
Scholarships and fellowships	147,830	1,454,163		598,233
Research	5,347,010	10,530	7,252,093	8,958
Loans	14,813,266		14,516,436	
Capital projects			549,829	
Other	2,676,863	4,763,145	2,075,000	3,852,656
<b>Total net assets</b>	<b>173,755,571</b>	<b>19,789,486</b>	<b>149,512,028</b>	<b>16,912,514</b>
<b>Total liabilities and net assets</b>	<b>\$300,223,485</b>	<b>\$19,939,290</b>	<b>\$290,406,179</b>	<b>\$17,067,487</b>

**TOWSON UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004	Component Units	2003	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$100,162,858		\$90,118,252	
Less: scholarship allowances	(17,367,327)		(16,207,914)	
Federal grants and contracts		413,423		3,897,670
State and local grants and contracts		1,823,801		5,954,892
Nongovernmental grants and contracts		388,244		581,571
Sales and services of educational departments		3,585,744		3,558,851
Auxiliary enterprises:				
Residential facilities	14,037,665		15,842,041	
Less: scholarship allowances	(738,525)	13,299,140	(759,585)	15,082,456
Dining facilities	11,156,992		11,022,388	
Less: scholarship allowances	(252,492)	10,904,500	(252,200)	10,770,188
Intercollegiate athletics	9,500,420		8,369,747	
Less: scholarship allowances	(1,014,614)	8,485,806	(1,100,922)	7,268,825
Bookstore	10,741,370		10,663,052	
Less: scholarship allowances	(61,009)	10,680,361	(58,159)	10,604,893
Parking facilities		3,433,822		3,116,492
Other auxiliary enterprises revenues		15,502,941		13,261,965
Other operating revenues		50,192		258,597
<b>Total operating revenues</b>	<b>151,363,505</b>		<b>148,266,738</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		61,923,991		62,790,285
Research		3,549,839		5,563,290
Public service		9,598,700		9,590,698
Academic support		21,736,645		22,193,943
Student services		11,828,351		11,597,468
Institutional support		23,741,154		23,531,087
Operation and maintenance of plant		17,738,925		17,394,150
Scholarships and fellowships		3,932,030		3,948,064
Auxiliary enterprises:				
Residential facilities		9,362,360		9,686,415
Dining facilities		10,537,655		9,719,811
Parking facilities		1,763,291		1,109,090
intercollegiate athletics		8,346,714		7,992,664
Bookstore		10,121,799		10,038,719
Other auxiliary enterprises expenses		10,423,661		11,871,109
<b>Total operating expenses</b>		<b>204,605,115</b>		<b>207,026,793</b>
<b>Operating income (loss)</b>		<b>(53,241,610)</b>		<b>(58,760,055)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		57,824,042		59,583,032
Gifts			\$2,799,374	\$2,341,900
Investment income	1,627,090		1,756,334	596,207
Less: Investment expense	(17,300)	1,609,790	(10,185)	1,674,675
Interest on indebtedness		(4,140,982)		(4,462,140)
Other nonoperating revenues (expenses)		12,802,850		13,785,207
Other affiliated foundation revenue			328,867	401,920
Other affiliated foundation expense			(2,007,603)	(2,342,866)
Transfers (to) from other University System of Maryland institutions		(3,968,482)		(4,918,077)
<b>Total nonoperating revenues (expenses)</b>		<b>64,127,218</b>	<b>2,876,972</b>	<b>65,662,697</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>10,885,608</b>	<b>2,876,972</b>	<b>6,902,642</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		12,728,511		16,965,820
Capital gifts and grants		597,401		587,425
Additions to permanent endowments		5,000		2,087,622
Other gains and losses		27,023		(454,990)
<b>Total other revenues, expenses, gains and losses</b>				



**TOWSON UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$82,994,075	\$74,165,629
Research contracts and grants	3,431,448	9,138,464
Payments to employees	(134,150,421)	(128,473,119)
Payments to suppliers and contractors	(62,036,955)	(62,889,570)
Loans issued to students	(4,263,707)	(3,105,115)
Collections of loans to students	3,027,247	3,150,243
Auxiliary enterprises:		
Residential facilities	13,251,708	15,024,266
Dining facilities	10,807,879	10,879,641
Intercollegiate athletics	8,485,806	7,268,825
Bookstore	10,680,361	10,604,893
Parking facilities	3,433,822	3,116,492
Other	15,502,941	13,261,965
Other receipts (payments)	(1,062,807)	9,346,444
<b>Net cash provided (used) by operating activities</b>	<u>(49,898,603)</u>	<u>(38,510,942)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	57,824,042	59,583,032
Gifts and grants received for other than capital purposes:		
Private gifts for endowment purposes	5,000	2,087,622
Other nonoperating gains and losses	12,829,873	12,426,722
<b>Net cash provided (used) by noncapital financing activities</b>	<u>70,658,915</u>	<u>74,097,376</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	31,480,788	27,955,303
Capital appropriations	12,728,511	16,965,820
Capital grants and gifts received	554,865	
Purchases of capital assets	(15,135,961)	(56,231,708)
Principal paid on debt and capital leases	(36,015,072)	(6,683,985)
Interest paid on debt and capital leases	(4,304,663)	(4,382,769)
Transfers (to) from other University System of Maryland institutions	(6,921,751)	(6,738,771)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(17,613,283)</u>	<u>(29,116,110)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	3,426,164	1,643,431
Interest on investments	1,039,975	1,316,024
Investment expense	(17,300)	(10,185)
Purchases of investments	(3,331,255)	(3,800,978)
<b>Net cash provided (used) by investing activities</b>	<u>1,117,584</u>	<u>(851,708)</u>
<b>Net increase (decrease) in cash</b>	4,264,613	5,618,616
<b>Cash and cash equivalents - beginning of the year</b>	<u>41,344,414</u>	<u>35,725,798</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$45,609,027</u>	<u>\$41,344,414</u>

**UNIVERSITY OF MARYLAND EASTERN SHORE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$1,894,747		\$8,228,367	
Accounts receivable, net	14,286,420	\$725,000	4,904,265	\$2,833,000
Notes receivable, current portion	62,987		4,460,943	
Prepaid expense, deferred charges and other assets		12,000		1,000
Inter-institutional balances	(577,733)		(921,385)	
<b>Total current assets</b>	<b>15,666,421</b>	<b>737,000</b>	<b>16,672,190</b>	<b>2,834,000</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	148,847		75,076	
Endowment investments	422,470	11,435,000	383,202	8,314,000
Notes receivable, net	4,973,173	40,000	760,133	177,000
Capital assets, net	176,714,776	278,000	144,010,814	283,000
<b>Total noncurrent assets</b>	<b>182,259,266</b>	<b>11,753,000</b>	<b>145,229,225</b>	<b>8,774,000</b>
<b>Total assets</b>	<b>\$197,925,687</b>	<b>\$12,490,000</b>	<b>\$161,901,415</b>	<b>\$11,608,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$3,034,973	\$52,000	\$2,659,118	\$65,000
Accrued workers compensation, current portion	169,415		105,865	
Accrued vacation costs, current portion	2,599,151		2,396,075	
Revenue bonds and notes payable, current portion	3,461,550		3,119,077	
Deferred revenue	244,451		318,558	
<b>Total current liabilities</b>	<b>9,509,540</b>	<b>52,000</b>	<b>8,598,693</b>	<b>65,000</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	923,585		577,135	
Accrued vacation costs	288,794		326,737	
Revenue bonds and notes payable, net	60,314,704		58,427,493	
<b>Total noncurrent liabilities</b>	<b>61,527,083</b>		<b>59,331,365</b>	
<b>Total liabilities</b>	<b>71,036,623</b>	<b>52,000</b>	<b>67,930,058</b>	<b>65,000</b>
<b>NET ASSETS</b>				
Unrestricted	6,671,302	692,000	4,761,339	728,000
Invested in capital assets, net	112,938,522		82,464,244	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	20,006	5,280,000	28,009	4,917,000
Research		73,000		87,000
Other	5,000	5,834,000		5,660,000
Expendable:				
Scholarships and fellowships	151,803	108,000	146,854	19,000
Research	6,287,726	78,000	1,789,903	33,000
Loans	683,109		4,722,572	
Capital projects	131,596		58,436	
Other		373,000		99,000
<b>Total net assets</b>	<b>126,889,064</b>	<b>12,438,000</b>	<b>93,971,357</b>	<b>11,543,000</b>
<b>Total liabilities and net assets</b>	<b>\$197,925,687</b>	<b>\$12,490,000</b>	<b>\$161,901,415</b>	<b>\$11,608,000</b>

UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2004 AND 2003

UNIVERSITY OF MARYLAND EASTERN SHORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$8,743,252	\$12,849,058
Research contracts and grants	21,702,756	26,025,442
Payments to employees	(45,931,056)	(43,412,167)
Payments to suppliers and contractors	(21,242,824)	(29,022,300)

**FROSTBURG STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$9,615,294	\$251,077	\$8,970,370	\$152,250
Investments		7,857,734		6,848,333
Accounts receivable, net	1,614,541	569,492	1,547,014	307,511
Notes receivable, current portion	218,148		245,531	
Inventories	768,177		949,421	
Prepaid expenses, deferred charges and other assets	173,773	1,932,041	57,945	1,932,041
Inter-institutional balances	(515,294)		(2,033,675)	
<b>Total current assets</b>	<b>11,874,639</b>	<b>10,610,344</b>	<b>9,736,606</b>	<b>9,240,135</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	454,530		168,465	
Endowment investments	723,397		654,949	
Notes receivable, net	994,621		1,030,213	
Capital assets, net	70,331,072	633	66,322,042	925
<b>Total noncurrent assets</b>	<b>72,503,620</b>	<b>633</b>	<b>68,175,669</b>	<b>925</b>
<b>Total assets</b>	<b>\$84,378,259</b>	<b>\$10,610,977</b>	<b>\$77,912,275</b>	<b>\$9,241,060</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$4,794,148	\$10,254	\$6,344,115	\$6,556
Accrued workers compensation, current portion	115,630		108,035	
Accrued vacation costs, current portion	2,121,530		2,223,290	
Revenue bonds and notes payable, current portion	1,134,322		1,221,756	
Deferred revenue	1,735,823		1,408,146	
<b>Total current liabilities</b>	<b>9,901,453</b>	<b>10,254</b>	<b>11,305,342</b>	<b>6,556</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	630,370		588,965	
Revenue bonds and notes payable, net	22,492,984		16,937,725	
<b>Total noncurrent liabilities</b>	<b>23,123,354</b>		<b>17,526,690</b>	
<b>Total liabilities</b>	<b>33,024,807</b>	<b>10,254</b>	<b>28,832,032</b>	<b>6,556</b>
<b>NET ASSETS</b>				
Unrestricted	2,975,811	49,340	(509,826)	91,192
Invested in capital assets, net	46,703,766		48,162,561	
Restricted:				
Expendable:				
Research	9,046		18,332	
Loans	1,239,838		1,270,372	
Capital projects	424,991		138,804	
Other		10,551,383		9,143,312
<b>Total net assets</b>	<b>51,353,452</b>	<b>10,600,723</b>	<b>49,080,243</b>	<b>9,234,504</b>
<b>Total liabilities and net assets</b>	<b>\$84,378,259</b>	<b>\$10,610,977</b>	<b>\$77,912,275</b>	<b>\$9,241,060</b>

**FROSTBURG STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$25,728,245		\$21,994,246	
Less: scholarship allowances	(4,721,808)	\$21,006,437	(4,792,616)	\$17,201,630
Federal grants and contracts		4,565,727		4,719,086
State and local grants and contracts		1,257,742		2,062,329
Nongovernmental grants and contracts		114,256		105,724
Sales and services of educational departments		938,740		842,076
Auxiliary enterprises:				
Residential facilities	4,519,229		4,946,646	
Less: scholarship allowances	(52,807)	4,466,422	(102,142)	4,844,504
Dining facilities		5,165,244		5,443,390
Intercollegiate athletics	1,879,256		1,662,560	
Less: scholarship allowances	(68,531)	1,810,725	(112,356)	1,550,204
Bookstore	3,225,553		3,094,909	
Less: scholarship allowances	(1,501)	3,224,052	(4,707)	3,090,202
Other auxiliary enterprises revenues	2,475,021		2,418,904	
Less: scholarship allowances	(68,431)	2,406,590		2,418,904
Other operating revenues		292,597		436,450
<b>Total operating revenues</b>	<b>45,248,532</b>		<b>42,714,499</b>	
<b>OPERATING EXPENSES:</b>				
Instruction	24,343,190		24,027,202	
Public service	2,439,353		2,955,094	
Academic support	6,075,968		5,979,221	
Student services	3,018,062		3,238,677	
Institutional support	7,467,625		8,557,575	
Operation and maintenance of plant	7,629,333		6,408,824	
Scholarships and fellowships	1,226,925		1,038,871	
Auxiliary enterprises:				
Residential facilities	4,541,623		6,648,257	
Dining facilities	4,955,728		3,699,032	
Intercollegiate athletics	1,923,180		1,900,203	
Bookstore	2,961,524		3,303,246	
Other auxiliary enterprises expenses	2,925,222		1,996,255	
<b>Total operating expenses</b>	<b>69,507,733</b>		<b>69,752,457</b>	
<b>Operating income (loss)</b>	<b>(24,259,201)</b>		<b>(27,037,958)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations	24,408,848		25,394,793	
Gifts	98,993	\$1,497,031	142,353	\$1,485,239
Investment income	288,671	882,368	361,914	232,246
Less: Investment expense	(3,458)	285,213	(2,417)	359,497
Interest on indebtedness		(639,433)		(720,378)
Other affiliated foundation revenue		488,386		360,634
Other affiliated foundation expense		(1,501,566)		(1,679,088)
Transfers (to) from other University System of Maryland institutions	(250,844)		(349,199)	
<b>Total nonoperating revenue (expenses)</b>	<b>23,902,777</b>	<b>1,366,219</b>	<b>24,827,066</b>	<b>399,031</b>
<b>Income before other revenues, expenses, gains and losses</b>	<b>(356,424)</b>	<b>1,366,219</b>	<b>(2,210,892)</b>	<b>399,031</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations	2,728,289		18,436,684	
Capital gifts and grants	20,602		169,651	
Other gains and losses	(119,258)		6,175	
<b>Total other revenues, expenses, gains and losses</b>	<b>2,629,633</b>		<b>18,612,510</b>	
<b>Increase (decrease) in net assets</b>	<b>2,273,209</b>	<b>1,366,219</b>	<b>16,401,618</b>	<b>399,031</b>
<b>Net assets - beginning of year</b>	<b>49,080,243</b>	<b>9,234,504</b>	<b>32,678,625</b>	<b>8,835,473</b>
<b>Net assets - end of year</b>	<b>\$51,353,452</b>	<b>\$10,600,723</b>	<b>\$49,080,243</b>	<b>\$9,234,504</b>

**FROSTBURG STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$20,984,998	\$17,488,777
Research contracts and grants	6,027,707	6,409,230
Payments to employees	(46,520,772)	(46,472,579)
Payments to suppliers and contractors	(20,482,662)	(18,363,555)
Loans issued to students	(276,931)	(268,078)
Collections of loans to students	339,906	295,392
Auxiliary enterprises:		
Residential facilities	4,471,749	4,805,514
Dining facilities	5,074,483	5,418,984
Intercollegiate athletics	1,809,914	1,550,204
Bookstore	3,222,815	3,090,748
Other	2,442,356	2,460,460
Other receipts (payments)	1,125,274	1,090,281
<b>Net cash provided (used) by operating activities</b>	<b>(21,781,163)</b>	<b>(22,494,622)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	24,408,848	25,394,793
Nonoperating gifts	98,993	148,026
Other nonoperating gains and losses	(119,258)	
<b>Net cash provided (used) by noncapital financing activities</b>	<b>24,388,583</b>	<b>25,542,819</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	12,426,095	355,571
Capital appropriations	2,728,289	18,436,684
Capital grants and gifts received	12,667	
Purchases of capital assets	(7,710,809)	(23,496,723)
Principal paid on debt and capital leases	(10,531,876)	(1,259,059)
Interest paid on debt and capital leases	(608,954)	(727,154)
Transfers (to) from other University System of Maryland institutions	1,791,173	3,794,586
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,893,415)</b>	<b>(2,896,095)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	714,646	897,587
Interest on investments	184,610	331,067
Investment expense	(1,227)	(2,417)
Purchases of investments	(681,045)	(899,147)
<b>Net cash provided (used) by investing activities</b>	<b>216,984</b>	<b>327,090</b>
<b>Net increase (decrease) in cash</b>	<b>930,989</b>	<b>479,192</b>
<b>Cash and cash equivalents - beginning of the year</b>		

Cash and cash equivalents - end of the year

**COPPIN STATE UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	(\$1,405,627)	\$437,340	\$4,283,918	\$462,007
Accounts receivable, net	8,293,832	160,198	1,756,283	61,827
Notes receivable, current portion	166,128		214,567	
Inventories	78,600		28,095	
Prepaid expenses, deferred charges and other assets	31,038	2,203	2,297	2,477
Inter-institutional balances	(740)		(85,000)	
<b>Total current assets</b>	<b>7,163,231</b>	<b>599,741</b>	<b>6,200,160</b>	<b>526,311</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	196,870		128,780	
Endowment investments	566,174	6,489,898	448,262	4,923,050
Notes receivable, net	973,833		914,731	
Capital assets, net	51,785,097		49,848,461	
<b>Total noncurrent assets</b>	<b>53,521,974</b>	<b>6,489,898</b>	<b>51,340,234</b>	<b>4,923,050</b>
<b>Total assets</b>	<b>\$60,685,205</b>	<b>\$7,089,639</b>	<b>\$57,540,394</b>	<b>\$5,449,361</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$6,278,584	\$67,186	\$4,335,798	\$55,394
Accrued workers compensation, current portion	100,595		93,930	
Accrued vacation costs, current portion	936,135		873,230	



**COPPIN STATE UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Tuition and fees	\$15,404,916		\$11,213,667	
Less: scholarship allowances	(5,256,341)	\$10,148,575	(6,090,680)	\$5,122,987
Federal grants and contracts		8,261,389		10,865,406
State and local grants and contracts		4,798,748		3,866,538
Nongovernmental grants and contracts		200,557		1,395,645
Auxiliary enterprises:				
Residential halls	2,269,136		3,008,307	
Less: scholarship allowances	(459,909)	1,809,227	(533,508)	2,474,799
Intercollegiate athletics	2,234,753		2,457,027	
Less: scholarship allowances	(815,728)	1,419,025	(944,606)	1,512,421
Other auxiliary enterprises revenues		1,094,445		375,785
Other operating revenues		325,855		
<b>Total operating revenues</b>	<b>28,057,821</b>		<b>25,613,581</b>	
<b>OPERATING EXPENSES:</b>				
Instruction		16,065,820		14,255,824
Research		32,652		12,730
Academic support		3,027,458		3,892,400
Student services		3,835,613		4,588,491
Institutional support		14,170,391		14,383,619
Operation and maintenance of plant		3,517,612		4,774,694
Auxiliary enterprises:				
Residential halls		2,377,974		2,981,625
Intercollegiate athletics		2,234,753		1,333,064
Other auxiliary enterprises expenses		1,105,838		358,332
<b>Total operating expenses</b>		<b>46,368,111</b>		<b>46,580,779</b>
<b>Operating income (loss)</b>		<b>(18,310,290)</b>		<b>(20,967,198)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations		18,693,564		19,239,571
Gifts			\$1,845,448	\$1,351,459
Investment income	73,112		597,071	237,382
Less: Investment expense	(2,694)	70,418	(1,950)	194,292
Interest on indebtedness		(1,086,891)		(927,345)
Other nonoperating revenues		(120,470)		
Other affiliated foundation revenue			80,369	169,660
Other affiliated foundation expense			(894,402)	(1,303,223)
Transfers (to) from other University System of Maryland institutions		(728,420)		(720,279)
<b>Total nonoperating revenues (expenses)</b>		<b>16,828,201</b>	<b>1,628,486</b>	<b>17,786,239</b>
<b>Income before other revenues, expenses, gains and losses</b>		<b>(1,482,089)</b>	<b>1,628,486</b>	<b>455,278</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations		2,342,168		7,408,707
Additions to permanent endowments		75,000		125,000
Other gains and losses				(8,594)
<b>Total other revenues, expenses, gains and losses</b>		<b>2,417,168</b>		<b>7,525,113</b>
<b>Increase (decrease) in net assets</b>		<b>935,079</b>	<b>1,628,486</b>	<b>455,278</b>
<b>Net assets - beginning of year</b>		<b>26,070,462</b>	<b>5,393,967</b>	<b>21,726,308</b>
<b>Net assets - end of year</b>		<b>\$27,005,541</b>	<b>\$7,022,453</b>	<b>\$26,070,462</b>

**COPPIN STATE UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$4,579,127	\$4,240,601
Research contracts and grants	11,530,607	17,869,135
Payments to employees	(28,244,358)	(33,640,933)
Payments to suppliers and contractors	(14,466,117)	(10,519,810)
Loans issued to students	(327,793)	(214,462)
Collections of loans to students	306,474	312,983
Auxiliary enterprises:		
Residence halls	2,476,786	2,382,209
Intercollegiate athletics	1,419,025	1,512,421
Other	1,094,445	375,785
Other receipts (payments)	325,394	191

**UNIVERSITY OF BALTIMORE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$7,591,347	\$2,842,477	\$8,584,822	\$2,660,244
Investments		23,207,364		16,933,424
Accounts receivable, net	7,716,394	7,789,409	4,362,029	8,812,680
Notes receivable, current portion	468,059		598,064	
Inventories			42,888	
Inter-institutional balances			(1,026,141)	
<b>Total current assets</b>	<b>15,775,800</b>	<b>33,839,250</b>	<b>12,561,662</b>	<b>28,406,348</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	251,046		60,127	
Endowment investments		3,143,722		2,832,648
Notes receivable, net	2,616,791		2,392,258	
Capital assets, net	50,077,025	1,348,915	51,206,287	1,329,619
<b>Total noncurrent assets</b>	<b>52,944,862</b>	<b>4,492,637</b>	<b>53,658,672</b>	<b>4,162,267</b>
<b>Total assets</b>	<b>\$68,720,662</b>	<b>\$38,331,887</b>	<b>\$66,220,334</b>	<b>\$32,568,615</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$3,134,870	\$354,600	\$3,939,821	\$285,655
Accrued workers compensation, current portion	80,135		74,245	
Accrued vacation costs, current portion	1,370,677		202,122	
Revenue bonds and notes payable, current portion	493,422		488,765	
Deferred revenue	1,573,759		(1,464,525)	
<b>Total current liabilities</b>	<b>6,652,863</b>	<b>354,600</b>	<b>3,240,428</b>	<b>285,655</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	436,865		404,755	
Accrued vacation costs	623,634		1,803,874	
Revenue bonds and notes payable, net	13,222,866		9,891,402	
<b>Total noncurrent liabilities</b>	<b>14,283,365</b>		<b>12,100,031</b>	
<b>Total liabilities</b>	<b>20,936,228</b>	<b>354,600</b>	<b>15,340,459</b>	<b>285,655</b>
<b>NET ASSETS</b>				
Unrestricted	7,715,563	6,637,664	6,605,345	3,734,413
Invested in capital assets, net	36,360,737		40,826,120	
Restricted:				
Nonexpendable:				
Scholarships and fellowships		9,182,004		8,502,391
Other		19,607,664		18,404,702
Expendable:				
Scholarships and fellowships		593,733		421,096
Loans	3,457,088		3,388,283	
Capital projects	251,046		60,127	
Other		1,956,222		1,220,358
<b>Total net assets</b>	<b>47,784,434</b>	<b>37,977,287</b>	<b>50,879,875</b>	<b>32,282,960</b>
<b>Total liabilities and net assets</b>	<b>\$68,720,662</b>	<b>\$38,331,887</b>	<b>\$66,220,334</b>	<b>\$32,568,615</b>

UNIVERSITY OF BALTIMORE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

**UNIVERSITY OF BALTIMORE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$31,681,995	\$24,539,062
Research contracts and grants	6,988,909	7,280,515
Payments to employees	(39,043,554)	(48,359,041)
Payments to suppliers and contractors	(20,961,928)	(11,926,696)
Loans issued to students	(964,780)	(886,104)
Collections of loans to students	740,210	995,547
Auxiliary enterprises:		
Parking facilities	1,032,971	604,253
Other	2,712,444	4,339,038
Other receipts (payments)	(210,927)	254,751
<b>Net cash provided (used) by operating activities</b>	<u>(18,024,660)</u>	<u>(23,158,675)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	20,904,051	21,694,926
Other nonoperating gains and losses	94,491	60,258
<b>Net cash provided (used) by noncapital financing activities</b>	<u>20,998,542</u>	<u>21,755,184</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	4,226,248	855,459
Capital appropriations	81,842	2,243,421
Purchases of capital assets	(3,809,294)	(3,841,519)
Principal paid on debt and capital leases	(3,442,928)	(993,212)
Interest paid on debt and capital leases	(341,690)	(4,318,321)
Transfers (to) from other University System of Maryland institutions	(638,237)	1,850,430
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(3,924,059)</u>	<u>(4,203,742)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	147,621	142,385
<b>Net cash provided (used) by investing activities</b>	<u>147,621</u>	<u>142,385</u>
<b>Net increase (decrease) in cash</b>	(802,556)	(5,464,848)
<b>Cash and cash equivalents - beginning of the year</b>	<u>8,644,949</u>	<u>14,109,797</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$7,842,393</u>	<u>\$8,644,949</u>

**SALISBURY UNIVERSITY  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$15,949,680	\$318,074	\$14,224,296	\$592,833
Investments		20,285,055		17,331,115
Accounts receivable, net	938,675	398,622	815,261	445,792
Notes receivable, current portion	255,369		285,253	
Inventories	1,125,641		953,394	
Prepaid expenses, deferred charges and other assets	70,726		63,224	
Inter-institutional balances	(2,004,528)		(3,277,498)	
<b>Total current assets</b>	<b>16,335,563</b>	<b>21,001,751</b>	<b>13,063,930</b>	<b>18,369,740</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	279,226		155,540	
Endowment investments		5,663,998		5,455,540

**SALISBURY UNIVERSITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

			Component Units			Component Units
<b>OPERATING REVENUES:</b>						
Tuition and fees	\$35,592,779			\$30,089,461		
Less: scholarship allowances	(4,321,100)	\$31,271,679		(3,407,261)	\$26,682,200	
Federal grants and contracts		3,544,091			3,816,767	
State and local grants and contracts		2,501,007			1,653,556	

**SALISBURY UNIVERSITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$31,330,976	\$26,882,184
Research contracts and grants	6,388,754	6,074,019
Payments to employees	(59,115,331)	(58,123,934)
Payments to suppliers and contractors	(21,981,375)	(21,983,874)
Loans issued to students	(257,260)	(294,350)
Collections of loans to students	203,891	476,595
Auxiliary enterprises:		
Residence halls	10,503,701	9,832,198
Dining facilities	9,257,815	8,375,577
Intercollegiate athletics	2,105,924	2,037,350
Bookstores	4,782,906	4,572,017
Parking facilities	239,475	239,977
Other	820,538	1,060,900
Other receipts (payments)	(125,462)	105,170
<b>Net cash provided (used) by operating activities</b>		



UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003



**UNIVERSITY OF MARYLAND UNIVERSITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$163,106,325	\$152,963,666
Research contracts and grants	9,895,402	13,259,321
Payments to employees	(112,932,222)	(112,300,942)
Payments to suppliers and contractors	(65,216,330)	(67,508,109)
Loans issued to students	(378,399)	(260,562)
Collections of loans to students	399,416	272,540
Auxiliary enterprises:		
Residence halls	199,399	242,867
Bookstore	6,650,908	6,392,438
Parking facilities	847,984	688,894
Other	4,421	181,321
Other receipts (payments)	<u>16,470,930</u>	<u>19,608,224</u>
<b>Net cash provided (used) by operating activities</b>	<u>19,047,834</u>	<u>13,539,658</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	14,469,494	13,828,419
Other nonoperating gains and losses	<u>245,639</u>	<u>(163,105)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>14,715,133</u>	<u>13,665,314</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	13,060,845	6,341,437
Capital appropriations		354,234
Capital grants and gifts received		(16,983)
Proceeds from sales of capital assets	20,764	438,714
Purchases of capital assets	(23,171,830)	(16,860,986)
Principal paid on debt and capital leases	(229,454)	(21,437)
Interest paid on debt and capital leases	(260,181)	(41,194)
Transfers (to) from other University System of Maryland institutions	<u>(1,038,270)</u>	<u>(284,653)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(11,618,126)</u>	<u>(10,090,868)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	160,807	211,291
Interest on investments	939,582	894,736
Investment expense	(473)	(1,052)
Purchases of investments	<u>(144,762)</u>	<u>(195,782)</u>
<b>Net cash provided (used) by investing activities</b>	<u>955,154</u>	<u>909,193</u>
<b>Net increase (decrease) in cash</b>	<u>23,099,995</u>	<u>18,023,297</u>
<b>Cash and cash equivalents - beginning of the year</b>	<u>56,953,081</u>	<u>38,929,784</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$80,053,076</u>	<u>\$56,953,081</u>

**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**BALANCE SHEET**  
**JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$7,201,902	\$176,238	\$12,919,436	\$45,380
Investments				
Accounts receivable, net	29,183,559	9,312,000	16,433,798	5,348,000
Notes receivable, current portion	260,206		239,799	
Inventories	748,971		571,769	
Prepaid expenses, deferred charges and other assets	837,479	31,000	819,955	6,000
Inter-institutional balances	(17,185)		(840,414)	
<b>Total current assets</b>	<b>38,214,932</b>	<b>9,519,238</b>	<b>30,144,343</b>	<b>5,399,380</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	1,207,121		739,013	
Endowment investments	632,535	32,603,000	579,822	24,941,000
Notes receivable, net	1,835,691	7,986,000	1,728,083	5,445,000
Capital assets, net	262,986,340	2,981,638	242,219,911	2,987,827
<b>Total noncurrent assets</b>	<b>266,661,687</b>	<b>43,570,638</b>	<b>245,266,829</b>	<b>33,373,827</b>
<b>Total assets</b>	<b>\$304,876,619</b>	<b>\$53,089,876</b>	<b>\$275,411,172</b>	<b>\$38,773,207</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$13,715,984	\$1,121,000	\$12,470,645	\$401,375
Accrued workers compensation, current portion	272,955		259,780	
Accrued vacation costs, current portion	2,980,748		3,002,591	
Revenue bonds and notes payable, current portion	4,974,365	40,099	4,202,873	57,501
Deferred revenue	5,798,471	725,295	4,408,048	581,527
<b>Total current liabilities</b>	<b>27,742,523</b>	<b>1,886,394</b>	<b>24,343,937</b>	<b>1,040,403</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	1,488,045		1,416,220	
Accrued vacation costs	4,383,886		3,329,998	
Other payables		333,620		313,258
Revenue bonds and notes payable, net	102,868,660	782,016	95,307,885	831,549
<b>Total noncurrent liabilities</b>	<b>108,740,591</b>	<b>1,115,636</b>	<b>100,054,103</b>	<b>1,144,807</b>
<b>Total liabilities</b>	<b>136,483,114</b>	<b>3,002,030</b>	<b>124,398,040</b>	<b>2,185,210</b>
<b>NET ASSETS</b>				
Unrestricted	4,789,916	4,449,846	2,973,348	3,181,997
Invested in capital assets, net	155,143,315		142,709,153	
Restricted:				
Nonexpendable:				
Scholarships and fellowships	20,753	15,082,000	20,753	11,245,000
Research		210,000		198,000
Other		16,604,000		12,946,000
Expendable:				
Scholarships and fellowships	47,744	2,656,000		1,154,000
Research	4,922,476	1,905,000	2,381,149	1,948,000
Loans	2,288,009		2,214,689	
Capital projects	1,181,292		714,040	
Other		9,181,000		5,915,000
<b>Total net assets</b>	<b>168,393,505</b>	<b>50,087,846</b>	<b>151,013,132</b>	<b>36,587,997</b>
<b>Total liabilities and net assets</b>	<b>\$304,876,619</b>	<b>\$53,089,876</b>	<b>\$275,411,172</b>	<b>\$38,773,207</b>



**UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$52,407,776	\$60,346,649
Research contracts and grants	83,580,573	91,695,423
Payments to employees	(160,600,336)	(153,288,516)
Payments to suppliers and contractors	(75,530,690)	(81,838,147)
Loans issued to students	(381,030)	(360,328)
Collections of loans to students	251,217	306,134
Auxiliary enterprises:		
Residence halls	7,733,071	8,482,722
Dining facilities	5,600,690	6,599,603
Intercollegiate athletics	4,536,306	5,197,553
Bookstore	6,036,314	6,180,864
Parking facilities	4,247,567	
Other	8,645,148	2,471,495
Other receipts (payments)	2,637,602	5,430,319

UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$5,403,591		\$4,169,215	
Accounts receivable, net	2,873,454	\$110,000	4,344,802	\$24,000
Inter-institutional balances	(197,820)		(403,660)	
<b>Total current assets</b>	<b>8,079,225</b>	<b>110,000</b>	<b>8,110,357</b>	<b>24,000</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	16,861		14,152	
Endowment investments		782,000		818,000
Capital assets, net	63,921,361		59,683,476	
<b>Total noncurrent assets</b>	<b>63,938,222</b>	<b>782,000</b>	<b>59,697,628</b>	<b>818,000</b>
<b>Total assets</b>	<b>\$72,017,447</b>	<b>\$892,000</b>	<b>\$67,807,985</b>	<b>\$842,000</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$1,953,593	\$42,000	\$2,497,746	\$84,000
Accrued workers compensation, current portion	85,560		99,045	
Accrued vacation costs, current portion	497,676		497,676	
Revenue bonds and notes payable, current portion	476,798		427,758	
<b>Total current liabilities</b>	<b>3,013,627</b>	<b>42,000</b>	<b>3,522,225</b>	<b>84,000</b>
<b>Noncurrent liabilities:</b>				
Accrued workers compensation	466,440		539,955	
Accrued vacation costs	1,864,216		1,818,149	
Revenue bonds and notes payable, net	7,089,231		5,390,031	
<b>Total noncurrent liabilities</b>	<b>9,419,887</b>		<b>7,748,135</b>	
<b>Total liabilities</b>	<b>12,433,514</b>	<b>42,000</b>	<b>11,270,360</b>	<b>84,000</b>
<b>NET ASSETS</b>				
Unrestricted	3,211,740	274,000	2,657,786	225,000
Invested in capital assets, net	56,355,332		53,865,687	
Restricted:				
Nonexpendable:				
Research		46,000		38,000
Expendable:				
Research		530,000		495,000
Capital projects	16,861		14,152	
<b>Total net assets</b>	<b>59,583,933</b>	<b>850,000</b>	<b>56,537,625</b>	<b>758,000</b>
<b>Total liabilities and net assets</b>	<b>\$72,017,447</b>	<b>\$892,000</b>	<b>\$67,807,985</b>	<b>\$842,000</b>





**UNIVERSITY OF MARYLAND CENTER FOR ENVIRONMENTAL SCIENCE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Research contracts and grants	\$21,231,462	\$20,243,204
Payments to employees	(21,003,935)	(21,010,931)
Payments to suppliers and contractors	(12,626,837)	(11,232,770)
Other receipts (payments)	2,365,353	2,408,121
<b>Net cash provided (used) by operating activities</b>	<u>(10,033,957)</u>	<u>(9,592,376)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	13,018,726	12,917,215
<b>Net cash provided (used) by noncapital financing activities</b>	<u>13,018,726</u>	<u>12,917,215</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	3,782,219	438,491
Capital appropriations	3,891,255	13,713,932
Purchases of capital assets	(7,438,170)	(14,926,920)
Principal paid on debt and capital leases	(1,980,436)	(729,979)
Interest paid on debt and capital leases	(267,306)	(255,992)
Transfers (to) from other University System of Maryland institutions	264,754	874,621
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,747,684)</u>	<u>(885,847)</u>
<b>Net increase (decrease) in cash</b>	1,237,085	2,438,992
<b>Cash and cash equivalents - beginning of the year</b>	<u>4,183,367</u>	<u>1,744,375</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$5,420,452</u>	<u>\$4,183,367</u>

UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003

	2004	Component	2003	Component
Institution		Units	Institutio	

**UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>OPERATING REVENUES:</b>				
Federal grants and contracts	\$19,756,238		\$17,554,287	
State and local grants and contracts	3,879,426		936,004	
Nongovernmental grants and contracts	4,593,971		5,795,355	
Sales and services of educational departments	2,501,158		1,281,429	
Other operating revenues				
<b>Total operating revenues</b>	<b>30,730,793</b>		<b>25,567,075</b>	
<b>OPERATING EXPENSES:</b>				
Research	45,803,947		45,204,549	
<b>Total operating expenses</b>	<b>45,803,947</b>		<b>45,204,549</b>	
<b>Operating loss</b>	<b>(15,073,154)</b>		<b>(19,637,474)</b>	
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State appropriations	14,896,855		15,135,958	
Gifts		\$876,000		\$1,086,000
Investment income	153,309	134,000	228,217	323,000
Interest on indebtedness	(346,864)		(357,449)	
Other affiliated foundation revenue		106,000		109,000
Other affiliated foundation expense		(1,424,000)		(2,603,000)
Transfers (to) from other University System of Maryland institutions	662,006		1,004,194	
<b>Total nonoperating revenues (expenses)</b>	<b>15,365,306</b>	<b>(308,000)</b>	<b>16,010,920</b>	<b>(1,085,000)</b>
<b>Income before other revenues, expenses, gains and losses</b>	<b>292,152</b>	<b>(308,000)</b>	<b>(3,626,554)</b>	<b>(1,085,000)</b>
<b>OTHER REVENUES, EXPENSES, GAINS AND LOSSES:</b>				
Capital appropriations	12,970,887		474,857	
Capital gifts and grants			704,000	
<b>Total other revenues, expenses, gains and losses</b>	<b>12,970,887</b>		<b>1,178,857</b>	
<b>Increase (decrease) in net assets</b>	<b>13,263,039</b>	<b>(308,000)</b>	<b>(2,447,697)</b>	<b>(1,085,000)</b>
<b>Net assets - beginning of year</b>	<b>60,313,126</b>	<b>3,785,000</b>	<b>62,760,823</b>	<b>4,870,000</b>
<b>Net assets - end of year</b>	<b>\$73,576,165</b>	<b>\$3,477,000</b>	<b>\$60,313,126</b>	<b>\$3,785,000</b>

UNIVERSITY OF MARYLAND BIOTECHNOLOGY INSTITUTE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		

**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
BALANCE SHEET  
JUNE 30, 2004 AND 2003**

	2004		2003	
	Institution	Component Units	Institution	Component Units
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$46,879,539	\$288,000	\$30,334,253	\$330,000
Accounts receivable, net	967,983	1,021,000	155,852	985,000
Prepaid expenses, deferred charges and other assets		19,000		50,000
Inter-institutional balances	2,115,755		12,395,076	
<b>Total current assets</b>	49,963,277	1,328,000	42,885,181	1,365,000
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	80,232,313		468,490	
Endowment investments				



**UNIVERSITY SYSTEM OF MARYLAND OFFICE  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Research contracts and grants	\$2,222,266	\$550,425
Payments to employees	(9,027,047)	(8,906,359)
Payments to suppliers and contractors	(3,000,491)	(4,263,857)
Other receipts (payments)	(792,487)	192,405
<b>Net cash provided (used) by operating activities</b>	<b>(10,597,759)</b>	<b>(12,427,386)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	10,681,241	11,161,783

