



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

**Financial Statements**  
Year Ended June 30, 2015

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

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Financial Statements  
Year Ended June 30, 2015

# University of Maryland Baltimore Foundation, Inc.

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## Independent Auditor's Report

To the Board of Trustees  
**University of Maryland Baltimore Foundation, Inc.**  
Baltimore, Maryland

We have audited the accompanying financial statements of the **University of Maryland Baltimore Foundation, Inc.** (the "Foundation", or "UMBF"), which comprise the statements of financial position as of June 30, 2015, and the related statement of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **University of Maryland Baltimore Foundation, Inc.** as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

October 16, 2015

## Financial Statements

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# University of Maryland Baltimore Foundation, Inc.

## Statement of Financial Position

<i>June 30,</i>	2015
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 3,536,603
Due from other foundations	20,687
Contributions receivable, net - current portion	18,091,979
<b>Total current assets</b>	<b>21,649,269</b>
<b>Investments</b>	
Endowment	154,032,892
Operating	63,944,175
<b>Total investments</b>	<b>217,977,067</b>
<b>Other assets</b>	
Contributions receivable, net - non-current portion	28,622,186
Assets held under split-interest agreements	2,426,243
Other assets	2,857,472
<b>Total other assets</b>	<b>33,905,901</b>
<b>Total assets</b>	<b>\$ 273,532,237</b>
<b>Liabilities and Net Assets</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 1,826,831
<b>Other liabilities</b>	
Payable under split-interest agreements	1,165,223
<b>Total liabilities</b>	<b>2,992,054</b>
<b>Commitments and contingencies</b>	
<b>Net assets</b>	
Unrestricted	32,918,593
Temporarily restricted	87,039,826
Permanently restricted	150,581,764
<b>Total net assets</b>	<b>270,540,183</b>
<b>Total liabilities and net assets</b>	<b>\$ 273,532,237</b>

*The accompanying notes are an integral part of these financial statements.*

## University of Maryland Baltimore Foundation, Inc.

### Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2015</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>				
Contributions and grants	\$ 10,669,417	\$ 18,479,248	\$ 17,385,709	\$ 46,534,374
Investment income	524,936	1,588,837	-	2,113,773
Other program income	784,039	35,179	-	819,218
Realized and unrealized gains on investments, net	461,442	4,107,920	-	4,569,362
Net assets released from restrictions and transfers	16,352,696	(17,080,480)	727,784	-
<b>Total revenues</b>	<b>28,792,530</b>	<b>7,130,704</b>	<b>18,113,493</b>	<b>54,036,727</b>
<b>Expenses</b>				
Program services				
Program, student and faculty support, research and capital projects	23,953,799	-	-	23,953,799
Supporting services				
General and administrative	1,450,551	-	-	1,450,551
Fundraising	254,463	-	-	254,463
<b>Total supporting services</b>	<b>1,705,014</b>	<b>-</b>	<b>-</b>	<b>1,705,014</b>
<b>Total expenses</b>	<b>25,658,813</b>	<b>-</b>	<b>-</b>	<b>25,658,813</b>
<b>Change in net assets</b>	<b>3,133,717</b>	<b>7,130,704</b>	<b>18,113,493</b>	<b>28,377,914</b>
<b>Net assets, beginning of year</b>	<b>29,784,876</b>	<b>79,909,122</b>	<b>132,468,271</b>	<b>242,162,269</b>
<b>Net assets, end of year</b>	<b>\$ 32,918,593</b>	<b>\$ 87,039,826</b>	<b>\$ 150,581,764</b>	<b>\$ 270,540,183</b>

*The accompanying notes are an integral part of these financial statements.*



# University of Maryland Baltimore Foundation, Inc.

## Statement of Cash Flows

<i>Year Ended June 30,</i>	2015
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 28,377,914
<b>Adjustments to reconcile change in net assets to cash provided by operating activities:</b>	
Contributions restricted for long-term investment	(6,155,585)
Net realized and unrealized gains on investments	(4,569,362)
Write off uncollectible contributions receivable	173,073
Amortization of discount on contributions receivable	2,155,589
Change in allowance for contributions receivable	(863,019)
<b>(Increase) decrease in assets:</b>	
Due from other foundations	1,424
Grants and gifts receivables	3,107,304
Contributions receivable	(16,591,567)
Assets held under split-interest agreements	(325,468)
Other assets	(8,046)
<b>Increase (decrease) in liabilities:</b>	
Accounts payable and accrued expenses	(2,128,025)
<b>Net cash provided by operating activities</b>	<b>3,174,232</b>
<b>Cash flows from investing activities</b>	
Purchases of investments	(39,576,722)
Sales of investments	33,674,294
<b>Net cash used in investing activities</b>	<b>(5,902,428)</b>
<b>Cash flows from financing activities</b>	
Proceeds from contributions restricted for long-term investment	6,155,585
Payable under split-interest agreements	109,214
<b>Net cash provided by financing activities</b>	<b>6,264,799</b>
<b>Increase in cash and cash equivalents</b>	<b>3,536,603</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>-</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,536,603</b>

*The accompanying notes are an integral part of these financial statements.*

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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### 1. Nature of Operations

The University of Maryland Baltimore Foundation, Inc. (the "Foundation" or "UMBF"), an independent Foundation incorporated in 2000, is established to receive, manage, and invest private gifts and/or property for the benefit of the University of Maryland, Baltimore and its related programs and supporting activities.

### 2. Basis of Presentation and Summary of Significant Accounting Policies

#### *Basis of Presentation*

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Cash and Cash Equivalents*

Cash and short-term investments with maturities at dates of purchase of three months or less are classified as cash equivalents, except that any such investments purchased with funds on deposit, with funds held in trusts or by external endowment investment managers are classified as investments in the financial statements. Cash equivalents include short-term U.S. Treasury securities and other short-term, highly liquid investments and are carried at cost, which approximates market value.

#### *Valuation of Investments*

Investments are stated at fair value. The Foundation carries its investments at market value to the extent that market quotations are readily available and reliable. To the extent that market quotations are not available or are considered to be unreliable, fair value is estimated by the investment manager under the general oversight of the Board of Trustees of the Foundation after consideration of factors considered to be relevant, including but not limited to, the type of investment, position size, marketability, (or absence thereof) cost, restrictions on transfer, and available quotations of similar instruments. Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been obtained had a ready market for the investments existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. There is no single standard for determining fair value in good faith, as fair value depends upon circumstances of each individual case. In general, fair value is the amount that the Foundation might reasonably expect to receive upon the current sale of the investment in an arms-length transaction in the investment's principal market.

The change in net unrealized gains or losses on investment securities is reflected in the statement of activities and changes in net assets. All gains and losses arising from the sale, collection, or other disposition of investments are accounted for on a specific identification basis calculated as of the transaction date. For endowment assets, substantially all of which are held in a pool, investment gains or losses are distributed monthly among the individual endowment funds on the basis of the number of units of the pool held by each individual endowment account. If the donor document requires that unspent earnings be added back to the corpus, then losses below the cost basis of endowment assets shall first reduce permanently restricted net assets to the extent of

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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accumulated unexpended earnings, then temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the assets have not been met before the loss occurs with any remaining loss reducing unrestricted net assets.

### *Contributions Receivable*

Unconditional promises to give with payments due in future periods are reported as temporarily or permanently restricted support when the funds are pledged. Amounts due are recorded at the net realizable value discounted using a rate of return that a market participant would expect to receive over the payment period at the date the pledge is received. An allowance for uncollectible pledges is recorded for pledges which may become uncollectible in future periods. Amounts deemed to be uncollectible have been written off. The contributions receivable balance is based on management's best estimate of the amounts expected to be collected. The amounts the Foundation will ultimately realize could differ from the amounts assumed in arriving at the present value and allowance for doubtful accounts.

### *Split-Interest Agreements*

The Foundation also receives contributions in the form of irrevocable split-interest agreements. These agreements include charitable remainder trusts and charitable gift annuities. These include agreements for which the Foundation acts as trustee and holds the assets as well as agreements where the Foundation has an interest in the trust but is not the trustee. When the trust's obligations to all beneficiaries expire, the remaining assets revert to the Foundation to be used according to the donor's wishes.

The Foundation recognizes the estimated fair value of these agreements as contributions receivable and revenue from those trusts where the Foundation is not the trustee. Where the Foundation is the trustee, the estimated fair value is recognized as an asset, the fair value of the distributions, expected to be paid over the term of the trust, is recorded as a liability and the difference is recorded as contribution revenue. The Foundation had new split-interest agreements of \$375,300 in fiscal year 2015. The change in value of existing agreements recognized was \$296,917 for fiscal year 2015.

Amortization of the related discount and revaluation of expected cash flows are recognized as changes in the value of split-interest agreements in the year in which they occur.

The Foundation recognizes a liability for the portion of the proceeds under the split-interest agreements to be paid to beneficiaries under the terms of the agreements. The estimated annual liabilities expected terms are based on Internal Revenue Service (IRS) actuarial tables. The discount rates used to compute the present value of these receivables are the original discount rates used at the time of the gift under Internal Revenue Code (IRC) Section 7520 and ranged from 1.2% to 5.12% in 2015.

### *Contributions and Grants*

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished in subsequent reporting periods, temporarily restricted net assets are reclassified to unrestricted net

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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assets and reported in the Statement of Activities as net assets released from restriction. Contributions for which donors have stipulated restrictions, but which are met within the same reporting period, are reported as unrestricted support.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Amounts outstanding are recorded at the net realizable value discounted based on the period of future payment, using a rate of return that a market participant would expect to receive at the date the pledge is received.

### *Contributions of Real and Personal Property*

The Foundation receives various contributions of noncash items. It is the Foundation's policy to record the assets at the fair market value at the date of the gift and revalue each fiscal year. These assets are held for investment purposes and are not depreciated. They are included in "Other Assets" in the accompanying statement of financial position.

### *Classification of Net Assets*

The Foundation's net assets have been grouped into the following three classes:

#### *Unrestricted Net Assets*

Unrestricted net assets generally result from receiving unrestricted contributions, less expenses incurred in providing services, raising contributions, and performing administrative functions. Unrestricted net assets include amounts available for use in the general operation of the Foundation as well as amounts not designated for a specific purpose upon receipt.

#### *Temporarily Restricted Net Assets*

Temporarily restricted net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

#### *Permanently Restricted Net Assets*

Permanently restricted net assets generally result from contributions and other inflows of assets, which cannot be used by the Foundation. Income from these assets can be unrestricted or restricted based on donor stipulation.

Unrealized and realized gains and losses and dividends and interest from investing in income-producing assets may be included in any of these net asset classifications depending on donor restriction.

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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### *Expenses*

The Foundation expends certain funds considered as general and administrative in nature. These funds are either on behalf of UMBF or its related programs and supporting activities or for the Foundation's business operations and have been classified as such.

### *Administrative Fees*

The Foundation management designates investments from all net asset classes into operating and endowment categories. Administrative fees are charged as follows:

#### *Investments-Operating*

The Foundation's operating investment reserve fund was charged 0.8% of the fiscal year 2015 average monthly total operating investment fund balance, respectively, in support of Foundation operating expenses. This reserve fund was also charged 0.8% of the average balance to be used at the discretion of the President of the University of Maryland, Baltimore. The Foundation pays 0.27% of the market value to the University System of Maryland Foundation, Inc. ("USMF") for current use fund investment management services in accordance with the terms of an investment management agreement.

#### *Investments-Endowment*

Professional investment fees are deducted by the investment manager prior to the distribution of income. In addition, the Foundation annually assesses each endowment account a fee for endowment operating and administrative expenses at the rate of 1.75% of the market value of assets managed at June 30. The Foundation pays 5.0% of this assessment to USMF for endowment investment management services in accordance with the terms of an investment management agreement. The Foundation also pays an annual investment office fee to USMF of 0.27% of the endowment investment balance charged on a quarterly basis.

### *Income Taxes*

The Foundation is organized and operated exclusively for charitable and educational purposes within the meaning of the provisions of section 501(c)(3) of the Internal Revenue Code. Since the Foundation had no material unrelated business income for the year ended June 30, 2015, no provision for income taxes has been made.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Therefore, no asset or liability has been recorded as of June 30, 2015 for uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in process. The Foundation is no longer

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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subject to U.S. federal or state examinations by tax authorities for years before fiscal year ended June 30, 2012.

### *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the allocation of investments by type, the fair value of nontraditional investments, and the net realizable value of accounts and contributions receivable. Actual results could differ from those estimates.

### *Recent Accounting Pronouncements*

In May 2014, and subsequently amended, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which establishes a comprehensive revenue recognition standard in U.S. GAAP for virtually all industries, including those that previously followed industry-specific guidance. For non-public entities, the new standards are effective for annual periods beginning after December 15, 2018. The Foundation is currently evaluating the effect the provisions of ASU 2014-09 will have on the financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. The update also provides related disclosures. The guidance is effective for annual periods ending after December 15, 2016. Presently the Foundation does not anticipate that the adoption of this update will have a material effect on the Foundation's financial statements.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU will be effective for periods beginning after December 15, 2015.

### **3. Fair Value Measurements**

FASB Accounting Standards Codification (ASC) *Fair Value Measurement* (820) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value standard also requires disclosures and establishes a three-tier level hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

**Level 1** Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in this category included listed equities and listed mutual funds.

**Level 2** Pricing inputs including market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. Investments which are generally included in this category include less liquid and restricted equity securities and fixed income securities.

**Level 3** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. Investments that are included in this category generally include investments in private equity and investment funds as well as off-shore hedge funds.

An investment's level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment on the part of the Foundation. The categorization of an investment with the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the perceived risk of that investment.

Some of the Foundation's investments may be illiquid and the Foundation may not be able to vary the portfolio in response to changes in economic and other conditions. Some of the investments that are purchased and sold are traded in private, unregistered transactions and are therefore subject to restrictions on resale or otherwise have no established trading market. In addition, if the Foundation is required to liquidate all or a portion of its portfolio quickly, the Foundation may realize significantly less than the value at which it previously recorded those investments.

The following tables present the financial investments carried at fair value as of June 30, 2015 by the fair valuation hierarchy defined above:

	June 30, 2015			
	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>Investments</b>				
Cash equivalents and money market funds <sup>(1)</sup>	\$ 7,150,254	\$ -	\$ -	\$ 7,150,254
Commonfund <sup>(2)</sup>	-	-	2,204,796	2,204,796
Lanx stock <sup>(3)</sup>	-	-	1,949,437	1,949,437
Investment in special strategies - USMF <sup>(4)</sup>	-	-	206,672,580	206,672,580
<b>Total investments</b>	<b>\$ 7,150,254</b>	<b>\$ -</b>	<b>\$ 210,826,813</b>	<b>\$ 217,977,067</b>
<b>Assets held under split interest agreements</b>	<b>\$ 2,426,243</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,426,243</b>

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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There were no transfers of assets between Level 1, 2 or 3 classification for the year ended June 30, 2015.

The following is a description of the Foundation's valuation methodologies for assets measured at fair value.

(1) Cash equivalents and money market funds include amounts invested in accounts with depository institutions which are readily convertible to known amounts of cash. Total deposits maintained at these institutions at times exceed the amount insured by federal agencies and therefore, bear a risk of loss. The Foundation has not experienced such losses on these funds. The Foundation invests in these assets to maintain liquidity for spending needs. These investments are classified as Level 1. Valuations are based on quoted market prices.

(2) The Commonfund Multistrategy Equity Fund invests in a broad spectrum of equity strategies, most of which are traded on a national stock exchange. The Commonfund is however not publicly traded. Fair value is based on the Commonfund's net asset value, which renders the investment as Level 3. The Foundation invests in the Commonfund to diversify their equity portfolio and gain exposure to the overall direction of global equity markets. There are no outstanding unfunded commitments as of June 30, 2015.

(3) Lanx Offshore Partners Ltd (the "Fund") is an exempted investment company which was formed under the laws of the Cayman Islands on December 4, 2006, and commenced operations on April 1, 2007. The Fund was organized for the purpose of investing in private investment companies and other investment vehicles. Pursuant to an Investment Management Agreement, Lanx Management, LLC is the Investment Manager of the Fund. This is classified as Level 3. There are no outstanding unfunded commitments as of June 30, 2015.

(4) Investments in special strategies are invested by USMF on behalf of UMBF in a unitized portfolio, which utilizes an array of different investment strategies. The Foundation invests in the unitized portfolio to benefit from economies of scale to gain access to the underlying investment strategies. The Foundation has a unitized ownership interest in this portfolio and does not have direct ownership of the underlying investments in the portfolio. The investment in special strategies-USMF is presented in Level 3 in the chart above as the portfolio does not trade in an active market, pricing inputs are unobservable and the portfolio is subject to certain redemption restrictions consistent with those of the underlying investments in the portfolio, as discussed below, and subject to the discretion of the management of USMF. The fair value of the special strategies-USMF investment has been estimated using the net asset value per share of the portfolio based on unobservable inputs and relies on underlying general partners and investment managers for pricing information. The Foundation has no outstanding unfunded commitments to the USMF unitized portfolio at June 30, 2015. The components of and a description of the investment strategies of the special strategies-USMF portfolio are as follows:

Level 1 Securities represent approximately 22% of the total investment in special strategies-USMF at June 30, 2015 and include the following investment types:

The USMF unitized portfolio invests in money-market funds and short-term investments, including amounts invested in accounts with depository institutions and managed accounts which are readily convertible to known amounts of cash. The unitized portfolio invests in money-market and short-



# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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term investments to maintain liquidity for spending needs and unfunded commitment liabilities. Total deposits maintained at these institutions at times exceed the amount insured by federal agencies and therefore, bear a risk of loss. The unitized portfolio has not experienced such losses on these funds.

The USMF unitized portfolio invests directly in common stock, preferred stock and mutual funds. In general, equity securities and mutual funds traded on national securities exchanges are valued at the last quoted sales price, except securities traded on the Nasdaq Stock Market, Inc. ("NASDAQ"), which are valued in accordance with the NASDAQ Official Closing Price. The unitized portfolio invests in equity securities to gain exposure to the overall direction of global equity markets. The underlying securities within the account have quoted prices available in active markets and have no redemption restrictions and therefore, USMF has classified these investments as Level 1.

Level 2 Securities represent approximately 2% of the total investment in special strategies - USMF at June 30, 2015 and include the following investment types:

The USMF unitized portfolio invests in U.S. treasury notes and bonds, U.S. agency securities, corporate and municipal bonds, and collateralized mortgage obligations, assets and mortgage backed securities through managed accounts. Fair value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies and/or defaults, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates and credit downgrades. The unitized portfolio invests in these assets to protect in the event of sudden interest rate changes as well as to maintain liquidity for spending needs and unfunded commitment liabilities. USMF has classified these investments as Level 2.

Level 3 Securities represent approximately 76% of the total investment in special strategies - USMF at June 30, 2015 and include the following investment types:

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

Long/short strategies take long and short positions in publicly traded equity securities in an effort to achieve attractive returns with moderate risk. Also included in these categories are off-shore investment vehicles. Also, early withdrawal carries a penalty. Therefore, even though the underlying assets in some of the vehicles are readily saleable in the open market, the unitized portfolio does not have the ability and, therefore, has classified investments in those vehicles as Level 3 at USMF. The fair value of these investments has been estimated using the net asset value per share of the investments. The majority of these investments can be redeemed within one year. The remainder of these investments has liquidity provisions that extend past one year.

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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Notice period for redemption ranges from one month to six months. There are no outstanding commitments to this asset category.

Private capital consists of private equity and venture capital investments. Private equity investments represent purchases of all or a portion of the equity interest in a company and the arrangement allows the purchasing group to take control. Venture capital investments are made in non-marketable securities of new companies or companies considered to be in the early stages of growth. Real estate and energy and natural resources investments include investments in partnerships where the underlying investment is real estate or related to the energy sector. Investments in private equity investment companies and funds are presented at fair value as approved by the unitized portfolio's management based, in part, on information and valuations provided by the general partner of the partnerships or investment manager. The general partner or manager generally values their investments at fair value. Securities with no readily available market are initially valued at cost, with subsequent adjustment to values which reflect either the basis of meaningful third party transactions in the private market or the fair value deemed appropriate by the unitized portfolio's management. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment company/fund can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Such value represents the unitized portfolio's proportionate share of the capital in the investment company/fund. Accordingly, the value of the investment is generally increased by additional contributions and the share of net earnings from the investments and decreased by distributions from the partnerships and the partner's share of net losses. These investments have been labeled as Level 3 at USMF based on their lock up periods and the transparency of their assets. Redemption of these investments is left to the discretion of the general partner/manager of the funds. Distributions from each fund will be received as the underlying investments are liquidated. As of June 30, 2015 the unitized pool had unfunded commitments with the private capital investments and the real estate and energy and natural resources investments, totaling approximately \$297 million and \$197 million, respectively.

These valuation methods may produce a fair value estimate that may not be reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a roll forward of the statement of financial position amounts for financial instruments classified by the Foundation within Level 3 of the fair value hierarchy defined above:

	Significant Unobservable Inputs (Level 3)
<b>Fair value recorded at June 30, 2014</b>	\$ 198,967,219
Realized and unrealized gains, net	4,593,124
Purchases of portfolio investments	37,522,406
Proceeds from sale of distribution of investments	(30,255,936)
<b>Fair value recorded at June 30, 2015</b>	<b>\$ 210,826,813</b>

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

Realized and unrealized gains are included in the corresponding line in the statement of activities and changes in net assets. Total unrealized gains for Level 3 investments were \$1,366,438 for the year ended June 30, 2015.

The Foundation reports realized and unrealized gains net of investment manager fees. The following schedule reflects the gains and fees for the years ending June 30, 2015.

June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Realized and unrealized gains on investments, gross of fees	\$ 417,623	\$ 5,431,469	\$ -	\$ 5,849,092
Investment fees, not including those relating to managed funds which are included in permanently restricted	43,819	(1,323,549)	-	(1,279,730)
Realized and unrealized gains on investments, net of fees as recorded in the statement of activities and changes in net assets	\$ 461,442	\$ 4,107,920	\$ -	\$ 4,569,362

### *Fair value and cost of investments*

The fair value and cost of investments held by Funds in which the Foundation invests at June 30 were as follows:

	2015	
	Fair Value	Cost
Cash equivalents and money market funds	\$ 7,150,254	\$ 7,150,254
Commonfund	2,204,796	1,500,000
Lanx stock	1,949,437	1,565,812
Investments in special strategies - USMF	206,672,580	184,148,112
	\$ 217,977,067	\$ 194,364,178

The fair value of the assets held under split interest agreements was \$2,426,243 and the cost was \$2,393,100 at June 30, 2015.

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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### 4. Management of Investments

The Foundation has signed an investment management agreement with USMF, whereby funds held by the Foundation will be invested according to the policies set and approved by USMF's Board of Directors. USMF is the custodian of the Foundation's investment assets under this agreement. This agreement also allows the Foundation to invest its assets in USMF investment pools. The Foundation pays USMF an investment fee of 0.08% on the net market value of endowments as of June 30th of the previous fiscal year (included in the 1.75% administrative assessment) for these services, as well as 0.27% of the market value of the current use funds in accordance with the terms of the investment management agreement.

USMF serves as custodian and investment manager of approximately 95% of the Foundation's investments. The remaining investments are in four separately managed investment pools. Approximately \$11.3 million is directly invested by management in four investment pools - the Law School Bond Fund, the PNC Money Market Fund, the Commonfund Multi-Strategy Equity Fund, and Lanx Offshore Partners, Ltd. The assets in these funds consisted of donations and earnings at June 30, 2015. The other investments of trusts and annuities are managed and directly invested by a third party custodian.

### 5. Concentration of Credit Risk

The Foundation maintains cash in bank accounts in amounts that may exceed federally insured limits at times. The Foundation has not experienced any losses in these accounts in the past and believes that it is not exposed to significant credit risk because the accounts are deposited with major financial institutions.

### 6. Contributions Receivable

Promised contributions are due as follows at June 30:

	2015
Due within one year	\$ 18,681,214
Due within one to five years	28,425,397
More than five years	4,041,600
<b>Subtotal</b>	<b>51,148,211</b>
Less: allowance for doubtful accounts	(689,946)
Less: unamortized discount	(3,744,100)
<b>Contributions receivable, net</b>	<b>46,714,165</b>
Less: contributions receivable - non-current portion	(28,622,186)
<b>Contributions receivable - current portion</b>	<b>\$ 18,091,979</b>

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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The discount rate used to calculate the present value component at June 30, 2015 was 3.25% for those contributions due in zero to five years and 3.25% for contributions due in more than five years. The difference between the fair value of contributions receivable and the carrying value is deemed to be immaterial for financial statement purposes.

### 7. Conditional Promises to Give and Intentions (Unaudited)

Contributors have informed the Foundation of intentions to give approximately \$34 million at June 30, 2015. These intentions relate to bequests and revocable trusts, which can be changed and/or amended at the contributor's discretion or to pledges with donor imposed conditions. Therefore, they are appropriately not recorded in the accompanying financial statements.

### 8. Endowments

The Foundation's endowment consists of approximately \$175.4 million in individual donor restricted endowment funds as of June 30, 2015 and \$8.6 million board-designated endowment funds, at June 30, 2015 for a variety of purposes plus the following where the assets have been designated for endowment: pledges receivables, split interest agreements, and other net assets. The endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. The net assets associated with endowment funds including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Trustees of the Foundation has interpreted the "Maryland Uniform Prudent Management of Institutional Funds Act" (MUPMIFA) as requiring the preservation of the fair value the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets, (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure of the Foundation in a manner consistent with MUPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The donor restriction and mission of the Foundation
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

Endowment net asset composition by type of fund for the year ended June 30 was:

	June 30, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ (6,604)	\$ 27,371,784	\$ 148,077,471	\$ 175,442,651
Board-designated endowment funds	-	6,145,360	2,504,293	8,649,653
<b>Total endowment funds</b>	<b>\$ (6,604)</b>	<b>\$ 33,517,144</b>	<b>\$ 150,581,764</b>	<b>\$ 184,092,304</b>

Changes in endowment net assets for the year ended:

	June 30, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of the year	\$ (7,869)	\$ 34,425,448	\$ 132,468,271	\$ 166,885,850
Investment return				
Investment income	-	1,570,932	-	1,570,932
Net gains (realized and unrealized)	-	4,119,473	-	4,119,473
<b>Total investment return</b>	<b>(7,869)</b>	<b>40,115,853</b>	<b>132,468,271</b>	<b>172,576,255</b>
Contributions and grants	-	-	17,385,709	17,385,709
Appropriation of endowment assets for expenditure	-	(4,252,774)	-	(4,252,774)
Endowment fees	-	(2,344,920)	-	(2,344,920)
Transfer balance of net deficit to unrestricted	1,265	(1,015)	727,784	728,034
<b>Endowment net assets, end of the year</b>	<b>\$ (6,604)</b>	<b>\$ 33,517,144</b>	<b>\$ 150,581,764</b>	<b>\$ 184,092,304</b>

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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### Permanently Restricted Net Assets-Endowment Funds

The portion of endowment funds that is required to be retained permanently either by explicit donor stipulation or by MUPMIFA as of June 30 was:

	2015
Program support	\$ 52,191,681
Student support	31,977,631
Faculty support	64,013,956
Research	2,293,381
Capital projects	105,115
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Total	\$ 150,581,764

### Temporarily Restricted Net Assets-Endowment Funds

The portion of temporarily restricted net assets related to the endowment funds as of June 30 was:

	2015
Program support	\$ 9,820,523
Student support	5,958,768
Faculty support	16,791,067
Research	903,030
Capital projects	43,756
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Total	\$ 33,517,144

### Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Foundation to retain as a fund of perpetual duration. When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. In accordance with generally accepted accounting principles, deficits of this nature reported in unrestricted net assets were \$6,604 at June 30, 2015. These deficits resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board. Future market gains will be used to restore this deficiency in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets.

### Return Objectives and Risk Parameters

The Foundation has adopted spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. The return objectives of the Foundation are aligned with those of USMF, the custodian.

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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USMF has adopted investment and spending policies for the Endowment that seeks to provide a steady and sustainable distribution of funds to support operations at the various institutions. The Investment Committee governs according to fundamental investment principles, approved by the Investment Committee and USMF Board of Directors, with the objective of achieving superior risk-adjusted returns in order to grow the corpus of the capital base and provide capital for spending distributions for constituents. Specifically, the goal of the Endowment is to achieve returns in excess of inflation plus spending plus fees. Within the context of risk-taking, specific risk metrics are outlined for Staff and the Committee to reassess the portfolio's positioning if these levels are breached.

### Strategies Employed for Achieving Investment Objectives

To satisfy its objectives, USMF employs a diversified asset allocation that allows for investment in public risk assets (liquid investments), private risk assets (illiquid portion of the portfolio), and safe assets (cash and U.S. Government securities). In addition, on an as needed basis to further protect capital, assets may be allocated to the portfolio overlay class (liquid, exchange traded instruments that aim to hedge against undesired risks). The asset allocation target ranges inclusive of these securities as of June 30, 2015 is as follows:

Asset Class	Policy Target	Minimum	Maximum
Safe Assets	5%	0%	25%
Portfolio Overlay	0%	0%	5%
Public Risk Assets	60%	45%	75%
Private Risk Assets	35%	20%	40%

The USMF Endowment Portfolio is constructed based on the following principles:

(1) **Allocation:** The overall goal of the USMF investment committee in establishing the asset class ranges is to create balance across the portfolio between sources of return, liquidity timeliness, and types of risk. The purpose and definition of each asset class and sub-class is as follows:

a) **Safe Assets** are defined as investments with little-to-no principal risk. These assets are U.S. Government securities and cash. This portion of the portfolio is in place to provide capital preservation and stability during volatile periods as well as facilitate spending and capital call requirements. Maintaining safe assets minimizes the risk of becoming forced sellers of assets during moments of market stress.

b) **The Portfolio Overlay** is another line of defense for capital preservation. Allocation towards this asset class will be infrequent and in line with protecting the entire portfolio from unwanted risks and market shocks. This is achieved through a number of liquid exchange traded instruments that aim to hedge against undesired risks. The target allocation is set to zero percent because allocating capital to this asset class will only be on an as needed, opportunistic basis.

c) **Public Risk Assets** define the liquid investments. These investments are traded in liquid markets/exchanges. This allocation has been parsed into four sub-asset classes which further define the portfolio's risk.



# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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- i. The **Public Equity** allocation is the primary growth driver of the portfolio. In it are investments in either liquid index securities and/or investment managers who invest with companies or in markets with great prospects, while taking positions against (a.k.a., short shorting) those that have deteriorating fundamentals and/or are in declining industries.
- ii. **Public Credit** investments provide a differentiated source of return from the overall equity markets and diversify our public market risk. These are investments with managers that invest in corporate, sovereign, and structured credit.
- iii. **Real Return** represents a hedge against inflation, so as to preserve the endowment's corpus. This allocation includes investments in commodities (either through derivatives and/or their physical assets), REITs, and occasionally equities that are tied to natural resource companies. Historically, these investments have maintained high correlations to levels of inflation.
- iv. The **Pure Alpha** portion of the portfolio invests with niche investment managers that provide idiosyncratic sources of investment return. These investment strategies cannot be replicated in an index, nor does their performance track to an index. Examples of these strategies are global macro managers who make calls on the direction of economic events through fundamental analysis, event driven managers that analyze corporate events and take positions based on probable outcomes, and insurance-linked securities that have zero correlation to equity markets (and are dependent on outside factors such as weather and/or natural disasters).

d) **Private Risk Assets** are the illiquid portion of the portfolio, serving as the primary return enhancement over broad public equity markets. Because of the long-term nature of the endowment's capital, the portfolio can hold illiquid investments that may take years for profit realization. While the use of capital is sacrificed during this timeframe, these investments are held to higher hurdles of performance, as they are expected to earn a significant return premium over public market equivalent investments. These investments are further defined into four sub-asset classes, as described below:

- i. **Private Equity** transactions take ownership in companies across the spectrum of their life cycles. These transactions are structured in several forms, such as:
  - 1. *Leveraged Buyouts* use debt and equity to purchase a company, enhance its operations and/or balance sheet, and then position the company for sale to another buyer or into public equity markets. Typically, these companies are more mature or established.
  - 2. *Growth Equity* is capital provided to companies allowing them to expand their operations into new products or markets in exchange for an ownership stake. These companies typically are young in their overall life cycle, though have proven products and/or services. In some cases, these companies are already yielding profits.

Notes to Financial Statements

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3. *Venture Capital*, notably the riskiest form of Private Equity, invests in companies at the very start of their life cycle. There are typically significant technological and operational risks associated with Venture Capital investments; however, the reward potential is quite high for the investments that succeed.

In terms of the liquidity profile (or the time it takes to receive capital back plus, hopefully, a profit), *Leveraged Buyouts* have the shortest time period, lasting anywhere from one to five years. *Growth Equity* is on a slightly longer time horizon, while *Venture Capital* investments can take up to a decade to come to fruition, and are in many cases the longest to materialize.

Regarding the return and risk profiles, the expected returns of each investment strategy are typically tied to its time horizon. Thus, investors, in general, expect to earn their highest returns in Venture Capital investments. However, those investments typically exhibit the largest levels of risk relative to the other Private Equity strategies.

- ii. Private Credit investments also have a number of different types of strategies:
  1. *Distressed Investments* have managers buying debt at significant discounts to par, improving the business through financial and operational means, and then facilitating a sale through a number of different avenues. This strategy is less dependent on income generation as it is on improving the company's overall health and attractiveness to capital markets.
  2. *Lending investments* involves investment in managers that supply private market loans to companies that cannot tap into traditional means for financing. These investments are with managers that supply this funding to companies that have the ability to repay the loan, but with higher interest payments. The income generated from these larger coupon rates is higher than liquid market equivalents, and drives the majority of returns in this strategy.
  3. *Private Natural Resources & Infrastructure* is another component of the portfolio's hedge against inflation, although it is significantly less liquid than public market commodities investing. Investments are across the spectrum of natural resources related transactions, which may include oil and gas fields, power transmission and distribution mechanisms, and/or the infrastructure related to these activities. Selectively, investments may include long-term infrastructure transactions, which have a direct correlation with inflation.

(2) **Diversification:** By allocating funds to asset classes whose returns are not highly correlated over time, the Investment Committee aims to mitigate some of the volatility inherent in equities and thereby provide greater stability in spending distributions than might be possible with a more concentrated portfolio. Although such diversification means the endowment may not reap all of the benefits of equity bull markets, it will also avoid the full brunt of bear markets. No more than 5% of the Fund's assets may be invested in one fund and no more than 10% of the Fund's assets may be invested in one manager. The Investment Committee, however, may make an exception in special circumstances.

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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(3) **Rebalancing:** In order to reap the benefits of diversification, portfolio holdings will be rebalanced as necessary to ensure that the actual portfolio asset allocation does not deviate materially from policy target allocations ranges.

### Spending Policy and Relationship of Spending Policy to Investment Objectives

The Foundation has a spending rate policy for endowment funds in order to preserve the purchasing power of the assets, to protect against erosion of nominal principal and to promote stability and predictability of annual budgeting. The spending rate determines the amount to be distributed for current spending. If the agreement with the donor so provides, any amounts remaining after annual distributions are reinvested and become part of the corpus. If the agreement is silent as to earnings in excess of distributions, then under Foundation policy any amounts remaining after the distributions are reinvested and available for future spending. Some agreements provide that the corpus can be invaded to provide for spending stability.

The Foundation's policy of appropriating as of July 1 of the fiscal year was based on the following:

The Board of Directors has authorized a formulaic approach as an advisory tool to determine the annual spending rate. The approach is a combination of the following two factors by weighting (a) 30% and (b) 70% to calculate a per unit rate. Once calculated, the rate should be between 3.5% and 4.5% of the moving average market value for the year ended June 30, 2015. Spending rates may not violate any donor restrictions.

- a) Compute the average market value for the most recent period ending December 31 using the previous twenty (20) quarters. Calculate 5% of this average market value. This is equivalent of using a moving average as each year the first four quarters drop off and the most recent four quarters are added.
- b) Calculate an adjusted spending rate using the prior year's percentage increased by the Higher Education Price Index (HEPI).

After considering the formulaic approach and other relevant inputs, an annual spending rate is established. The approved spending rate for 2015 was 3.90%. The approved spending rate for 2016 is 4.0%.

Newly created individual endowment funds, in order to have annual spendable income, must be invested for at least one year prior to the calculation date and have a minimum value.

In establishing this policy, the Spending Policy Committee considered the long-term expected return on the Endowment and its goal of preserving principle. Accordingly, over the long term, the Board of Trustees expects the current spending policy to allow its endowment to grow at a rate that protects capital on an inflation-adjusted basis.

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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### 9. Restricted Net Asset Activity

#### *Temporarily Restricted Net Assets*

Temporarily restricted net assets are available for the following purposes at June 30:

	2015
Program support	\$ 40,610,646
Student support	13,484,145
Faculty support	18,504,324
Research	9,118,887
Capital projects	5,321,824
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Total	\$ 87,039,826

#### *Net Assets Released from Restrictions*

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by the occurrence of other events as specified by donors. Such net assets were released as follows during the year ended June 30:

	2015
Program support	\$ 9,945,516
Student support	1,511,479
Faculty support	2,789,901
Research	2,551,867
Capital projects	281,717
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Total	\$ 17,080,480

### 10. Transfers from USMF

Prior to the establishment of the Foundation, USMF held funds that were contributed for the benefit of the University of Maryland, Baltimore. USMF is a separately incorporated, independent foundation that manages funds received for the benefit of the University System of Maryland. During fiscal year 1999, the Maryland State Legislature passed legislation allowing each University System of Maryland institution to establish its own separate, affiliated foundation. In July 1999, the Foundation was incorporated and on July 10, 2000, \$39,169,017 in operating funds was transferred from USMF to the Foundation.

The Foundation has signed an investment management agreement whereby funds of the Foundation will be invested by USMF, on behalf of the Foundation, according to the policies set by USMF's Investment Committee. USMF is the custodian of the Foundation investment assets under this agreement.

# University of Maryland Baltimore Foundation, Inc.

## Notes to Financial Statements

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### 11. Charitable Gift Annuity Requirements

As required by the various State regulations, the Foundation internally reserves cash and investments associated with gift annuity liabilities of \$926,194 as of June 30, 2015.

### 12. Related Party Transactions

Foundation personnel are employees of the University System of Maryland ("the University"). The University administers all payroll and fringe benefit costs. The Foundation reimburses the University for these costs on an annual basis, estimating the salary costs of individuals devoting effort to the Foundation. The amount reimbursed by the Foundation to the University was \$1,048,357 for the year ended June 30, 2015.

### 13. Commitments and Contingent Liabilities

During the course of its operations, the Foundation may be exposed to various forms of litigation, claims and assessments. As of June 30, 2015, management was not aware of any such matters that could have a material effect on the Foundation's financial position, change in net assets, or cash flows.

### 14. Subsequent Events

The Foundation evaluated subsequent events have been through October 16, 2015, the date the financial statements were available to be issued. There were no events that required adjustments to or disclosure in the financial statements.