University of Maryland Baltimore Foundation, Inc.

Financial Statements
Years Ended June 30, 2022 and 2021

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

University of Maryland Baltimore Foundation, Inc.

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Years Ended June 30, 2022 and 2021

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Contents

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Independent Auditor's Report

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

Opinion

We have audited the 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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

BDO USA, LLP

October 26, 2022

Financial Statements

University of Maryland Baltimore Foundation, Inc.

Statements of Financial Position

June 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 3,437,628	$ 3,186,787
Due from other foundations	21,768	22,296
Prepaid expenses	99,427	92,051
Contributions receivable, net - current portion	18,967,120	26,476,512
Total current assets	22,525,943	29,777,646
Investments		
Endowment	313,703,122	301,327,289
Operating	86,434,364	82,296,953
Total investments	400,137,486	383,624,242
Other assets		
Contributions receivable, net - non-current portion	17,832,766	19,132,192
Assets held under split-interest agreements	2,668,421	3,863,777
Other assets	1,357,472	1,582,472
Total other assets	21,858,659	24,578,441
Total assets	$ 444,522,088	$ 437,980,329
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 2,195,987	$ 1,995,661
Other liabilities		
Payable under split-interest agreements	1,954,553	2,298,669
Total liabilities	4,150,540	4,294,330
Commitments and contingencies		
Net assets		
Without donor restrictions	41,580,574	46,761,050
With donor restrictions	398,790,974	386,924,949
Total net assets	440,371,548	433,685,999
Total liabilities and net assets	$ 444,522,088	$ 437,980,329

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

University of Maryland Baltimore Foundation, Inc.

Statement of Activities

Year ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions and grants	$ 7,444,392	$ 26,222,114	$ 33,666,506
Investment return, net	(1,334,967)	4,995,097	3,660,130
Other program income	77,019	-	77,019
Net assets released from restrictions	19,351,186	(19,351,186)	-
Total revenues	25,537,630	11,866,025	37,403,655
Expenses			
Program services			
Student and faculty support	10,397,072	-	10,397,072
Campus programs	9,293,436	-	9,293,436
Research	1,974,988	-	1,974,988
Capital projects	71,078	-	71,078
Total program services	21,736,574	-	21,736,574
Supporting services			
General and administrative	2,120,890	-	2,120,890
Fundraising	6,860,642	-	6,860,642
Total supporting services	8,981,532	-	8,981,532
Total expenses	30,718,106	-	30,718,106
Change in net assets	(5,180,476)	11,866,025	6,685,549
Net assets, beginning of year	46,761,050	386,924,949	433,685,999
Net assets, end of year	$ 41,580,574	$ 398,790,974	$ 440,371,548

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

University of Maryland Baltimore Foundation, Inc.

Statement of Activities

Year ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions and grants	$ 4,205,998	$ 41,020,121	$ 45,226,119
Investment return, net	1,568,713	61,496,489	63,065,202
Other program income	206,002	-	206,002
Net assets released from restrictions	18,770,387	(18,770,387)	-
Total revenues	24,751,100	83,746,223	108,497,323
Expenses			
Program services			
Student and faculty support	6,905,003	-	6,905,003
Campus programs	10,619,002	-	10,619,002
Research	1,513,907	-	1,513,907
Capital projects	744,047	-	744,047
Total program services	19,781,959	-	19,781,959
Supporting services			
General and administrative	2,239,980	-	2,239,980
Fundraising	292,409	-	292,409
Total supporting services	2,532,389	-	2,532,389
Total expenses	22,314,348	-	22,314,348
Change in net assets	2,436,752	83,746,223	86,182,975
Net assets, beginning of year	44,324,298	303,178,726	347,503,024
Net assets, end of year	$ 46,761,050	$ 386,924,949	$ 433,685,999

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

University of Maryland Baltimore Foundation, Inc.

Statement of Functional Expenses

	Program Services					Supporting Services			
Year Ended June 30, 2022	Student and Faculty Support	Campus Programs	Research	Capital Projects	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Grant expense	$10,324,402	$ 6,045,831	$ 1,820,075	$ 3,313	$18,193,621	$ 2,785	$ 3,127	$ 5,912	$18,199,533
Bad debt expense	-	-	-	-	-	-	6,089,176	6,089,176	6,089,176
Salary and fringe expense	-	-	-	-	-	1,573,010	-	1,573,010	1,573,010
Equipment rentals, repairs and maintenance	28,780	1,172,919	78,933	57,100	1,337,732	62,418	104,879	167,297	1,505,029
Conferences, conventions and meetings	22,074	728,574	21,191	-	771,839	39,254	68,249	107,503	879,342
Consultants	3,791	330,361	136	-	334,288	22,125	309,969	332,094	666,382
Office expense and IT costs	2,640	316,091	9,958	10,564	339,253	205,806	109,013	314,819	654,072
Advertising and promotion	2,873	493,227	1,749		497,849	8,412	43,633	52,045	549,894
Printing and publications	5,641	74,384	6,819	-	86,844	11,313	130,563	141,876	228,720
Travel	3,815	94,690	31,581	-	130,086	4,397	330	4,727	134,813
Professional fees	-	5,707	-	-	5,707	111,701	-	111,701	117,408
Taxes, insurances and bank fees	3,056	6,590	-	-	9,646	79,669	1,703	81,372	91,018
Other expenses	-	24,000	-	-	24,000	-	-	-	24,000
Research	-	1,062	4,546	101	5,709	-	-	-	5,709
Total expenses	$10,397,072	$ 9,293,436	$ 1,974,988	$ 71,078	$21,736,574	$ 2,120,890	$ 6,860,642	$ 8,981,532	$30,718,106

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

University of Maryland Baltimore Foundation, Inc.

Statement of Functional Expenses

	Program Services					Supporting Services			
Year Ended June 30, 2021	Student and Faculty Support	Campus Programs	Research	Capital Projects	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Grant expense	$ 6,874,052	$ 8,267,441	$ 1,454,950	$ 586,952	$ 17,183,395	$ 413	$ -	$ 413	$ 17,183,808
Bad debt expense	-	-	-	-	-	-	28,186	28,186	28,186
Salary and fringe expense	-	-	-	-	-	1,750,282	-	1,750,282	1,750,282
Equipment rentals, repairs and maintenance	4,202	1,122,136	(1,790)	147,925	1,272,473	46,496	55,524	102,020	1,374,493
Conferences, conventions and meetings	15,304	170,247	16,947	-	202,498	9,451	5,255	14,706	217,204
Consultants	-	107,664	-	-	107,664	73,035	13,736	86,771	194,435
Office expense and IT costs	4,008	390,618	12,002	9,000	415,628	127,404	64,152	191,556	607,184
Advertising and promotion	6,801	447,988	99	-	454,888	27,677	23,449	51,126	506,014
Printing and publications	136	62,648	14,317	-	77,101	9,617	100,252	109,869	186,970
Travel	-	11,221	10,456	-	21,677	63	59	122	21,799
Professional fees	-	3,200	-	-	3,200	108,506	-	108,506	111,706
Taxes, insurances and bank fees	-	3,405	442	-	3,847	86,871	1,796	88,667	92,514
Other expenses	-	24,000	-	-	24,000	165	-	165	24,165
Research	500	8,434	6,484	170	15,588	-	-	-	15,588
Total expenses	$ 6,905,003	$ 10,619,002	$ 1,513,907	$ 744,047	$ 19,781,959	$ 2,239,980	$ 292,409	$ 2,532,389	$ 22,314,348

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

University of Maryland Baltimore Foundation, Inc.

Statements of Cash Flows

Years ended June 30,	2022	2021
Cash flows from operating activities		
Change in net assets	$ 6,685,549	$ 86,182,975
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Contributions restricted for long-term investment	(14,974,491)	(18,392,594)
Net realized and unrealized losses (gains) on investments	2,783,899	(58,172,472)
Write off uncollectible contributions receivable	6,235,750	1,166,648
(Accretion) decretion of discount on contributions receivable	(372,018)	101,164
Change in allowance for contributions receivable	(1,771,574)	28,186
Gain on sale of other assets	(324,850)	-
(Increase) decrease in assets:		
Due from other foundations	528	(4,092)
Prepaid expenses	(7,376)	(59,248)
Contributions receivable	4,716,660	(11,445,696)
Assets held under split-interest agreements	1,195,356	(445,512)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	200,326	123,643
Payable under split-interest agreements	(344,116)	96,075
Net cash provided by (used in) operating activities	4,023,643	(820,923)
Cash flows from investing activities		
Purchases of investments	(50,883,528)	(46,190,107)
Sales of investments	31,586,385	28,852,954
Proceeds from sale of other assets	549,850	-
Net cash used in investing activities	(18,747,293)	(17,337,153)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term investments	14,974,491	18,392,594
Net cash provided by financing activities	14,974,491	18,392,594
Increase in cash and cash equivalents	250,841	234,518
Cash and cash equivalents, beginning of year	3,186,787	2,952,269
Cash and cash equivalents, end of year	$ 3,437,628	$ 3,186,787

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

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 ("UMB") 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 are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

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 held in trusts or by external endowment investment managers are classified with investments, respectively. 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

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. 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 investment return and net in the statements of activities. 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. Refer to note 4 for further detail on valuation of investments.

Contributions Receivable

Unconditional promises to give with payments due in future periods are reported as support with donor restrictions 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. The Foundation's policy is to write-off specifically identified contributions receivable that are deemed to be uncollectible. The Foundation wrote off approximately $7.7 million in pledges receivable from three donors for the year ended June 30, 2022. There were no significant write offs for the year ended June 30, 2021.

Split-Interest Agreements

The Foundation also receives contributions in the form of charitable gift annuities and charitable remainder unitrusts, for which the Foundation acts as trustee and holds the assets. 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 agreements, is recorded as a liability and the difference is recorded as contribution revenue.

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 payables are the original discount rates used at the time of the gift under Internal Revenue Code (IRC) Section 7520 and range from 1.0% to 6.2%.

Contributions and Grants

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes, are reported as support with donor restrictions.

Contributions for which donors have stipulated restrictions, but which are met within the same reporting period, are reported as support without donor restrictions.

The Foundation reports gifts of land, buildings, and equipment as support without donor restrictions 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 support with donor restrictions.

Unconditional promises to give with payments due in future periods are reported as donor restricted support. Amounts outstanding are recording 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.

Conditional promises to give are recognized as revenue when conditions on which they depend have been substantially met. Refer to Note 8 for discussion of conditional promises to give.

Contributions of Real and Personal Property

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

Classification of Net Assets

The Foundation classifies its net assets into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions. These net assets generally result from providing services and receiving contributions without donor restrictions, less expenses incurred in providing services, raising contributions, and performing administrative functions.

These net assets also include board designated net assets, these amounts are not subject to donor restriction and are designated by the Board for a specific use.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors. These 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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use the income earned on related investments for general or specific purposes.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Expenses

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

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, costs have been directly charged to the programs and supporting services benefited. Program expenses are in support of UMB's institution or department or program activity. General and administrative expenses relate to operation of accounting office of the Foundation, including the salary reimbursement to UMB. Fundraising expenses support fundraising initiatives and activities throughout the Foundation's campus. See Note 12 for the program and supporting service descriptions.

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 average monthly total operating investment fund balance, 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 0.35% 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, UMBF annually assesses each endowment account a fee for endowment operating and administrative expenses at the rate of 1.05% based on the market value as of December 31 of the previous fiscal year. Also, from each endowment account, USMF deducts a fee of 0.35% annually based on the market value as of December 31 of the previous fiscal year towards endowment assessment and investment office fees in accordance with the terms of an investment management agreement.

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. A review of activities for 2022 concluded that the Foundation had no material unrelated business income, no provision for income tax was made for the year ended June 30, 2022.

U.S. GAAP requires 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, 2022 and 2021, 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, 2022 and 2021 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.

Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 fair value of non-traditional investments and the net realizable value of accounts and contributions receivable. Actual results could differ from those estimates.

Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments.* The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption may be selected for fiscal years beginning after December 15, 2018. An entity must apply the amendments in the ASU through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions. The Foundation has adopted the ASU and the update did not have any material impact to the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed.

In addition, the ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to determine a fair value measure at initial recognition, and (e) the principal or most advantageous market utilized to calculate fair value if it is a market in which the nonprofit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. The Foundation has adopted the ASU and the update did not have any material impact to the financial statements.

Accounting Pronouncements to be Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance has been subsequently updated by ASUs 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, 2019-10, 2020-05, 2021-05 and 2021-09. This ASU is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedient available. Management is currently evaluating the impact of this ASU on the financial statements.

In March 2022, the FASB issued ASU 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* (Topic 820). The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This amendment also requires the following disclosures for equity securities subject to contractual sale restrictions: (1) The fair value of equity securities subject to contractual sale restrictions reflected in the statement of financial position; (2) The nature and remaining duration of the restriction(s); and (3) The circumstances that could cause a lapse in the restriction(s). Early adoption is permitted, and the updates should be applied prospectively with any adjustments from the adoption of the amendments recognized in the change in net asset and disclosed on the date of adoption. For all non-public entities, this ASU is effective for fiscal years beginning after December 15, 2025.

3. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date consist of the following:

June 30,	2022	2021
Cash and cash equivalents	$ **3,437,628**	$ 3,186,787
Investments - operating	**86,434,364**	82,296,953
Total financial assets available within one year	**89,871,992**	85,483,740
Less: Amounts unavailable for general expenditures with one year, due to:		
School/Unit/UMB Designated operating funds	**(80,476,137)**	(75,042,193)
Board Designated Net Assets - other scholarship matching funds	**(2,364,173)**	(2,927,331)
Financial assets available to meet cash needs for general expenditures within one year	$ **7,031,682**	$ 7,514,216

The Foundation manages its liquid resources in order to meet the spending needs of the University's respective schools and the UMB Foundation annual operational expenditures as authorized by the board. The investment-operating portfolio is managed in accordance with the USMF investment policy, with 100% allocation to Safe Assets.

The majority (approximately 90% for 2022 and 88% for 2021) of financial resources available within one year of the date of the statement of financial position is under direction of the university schools. The balance consists of board approved Foundation general operational expenses, board designated funds (i.e. scholarship match), and the board's discretionary funds.

4. Fair Value Measurements

FASB Accounting Standards Codification (ASC) *Fair Value Measurement* (820) defines fair value, requires disclosure about fair value, and establishes a three-level hierarchy for fair value measurements based upon the inputs to the valuations of an asset or liability at the measurement date. Fair value is defined 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 three-level hierarchy classifies the inputs used to determine fair value:

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 risk assets and investment funds as well as off-shore hedge funds.

An investment's level within 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 within 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 Foundation reports certain investments using the net asset value (NAV) per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. These investment funds are held as units or interest in institutional funds or limited partnerships, which are stated at NAV or its equivalent. The Foundation uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. The Foundation has not categorized these investments in levels within the fair value hierarchy table.

The following tables present the financial investments carried at fair value as of June 30, 2022 and 2021 by the fair valuation hierarchy defined above:

	June 30, 2022				
	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Reported at NAV*	Total Fair Value
Investments					
Cash equivalents and money market funds[(1)]	$ 5,740,755	$ -	$ -	$ -	$ 5,740,755
Commonfund[(2)]	-	-	-	2,266,973	2,266,973
Investment in special strategies - USMF[(3)]	-	-	392,129,758	-	392,129,758
Total investments	$ 5,740,755	$ -	$ 392,129,758	$ 2,266,973	$ 400,137,486
Assets held under split interest agreements	$ 2,668,421	$ -	$ -	$ -	$ 2,668,421

* Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

	June 30, 2021				
	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Reported at NAV*	Total Fair Value
Investments					
Cash equivalents and money market funds[(1)]	$ 4,079,162	$ -	$ -	$ -	$ 4,079,162
Commonfund[(2)]	-	-	-	2,767,488	2,767,488
Investment in special strategies - USMF[(3)]	-	-	376,777,592	-	376,777,592
Total investments	$ 4,079,162	$ -	$ 376,777,592	$ 2,767,488	$ 383,624,242
Assets held under split interest agreements	$ 3,863,777	$ -	$ -	$ -	$ 3,863,777

* Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

(1) Cash equivalents and money market funds include amounts invested in accounts with depository institutions that 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 based on the practical expedient. The Foundation invests in the Commonfund to diversify their equity portfolio and gain exposure to the overall direction of global equity markets.

(3) 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 unit 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, 2022 and 2021.

Due to the limited availability of valuation data as of USMF's year-end, management utilizes the most recent NAV or ownership percentage which may be on a month to quarter lag. Management adjusts the net asset value or ownership percentage to be more representative of the year-end fair value by including capital contributions, and redemptions or returns of capital during the gap period. Management will also adjust for known performance adjustments for private investments that hold publicly traded securities. Performance adjustments ranged from (11.13)% to 0.16% for those investments on a lag. No performance adjustments are made to investments on a quarter lag given the unobservability of investment performance at the time of the report issuance.

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

These valuation methods may produce a fair value estimate that may not be reflective of future fair values. Furthermore, while the Foundation believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a materially different estimate of fair value at the reporting date. The Foundation's private investments are held with sophisticated investment managers who received audited financial statements during the year that aid in management's ability to approximate fair value.

The following table shows purchases and sales for financial instruments classified within Level 3 of the fair value hierarchy at:

June 30,	**2022**	2021
Purchases of portfolio investments	**$ 48,779,169**	$ 45,494,332
Proceeds from sale of distribution of investments	**31,165,630**	27,223,990

The following table is a breakout of investments reported at NAV as defined above:

Investment Strategy	June 30, 2022 Fair Value	June 30, 2021 Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period (Days)
Public equity	**S 2,266,973**	$ 2,767,488	$ -	Monthly	5

5. 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 serves as recordkeeper under this agreement and investment manager of approximately 98% of the Foundation's investments at June 30, 2022 and 2021. This agreement also allows the Foundation to invest its assets in USMF investment pools. The remaining investments are in three separately managed investment pools at June 30, 2022 and 2021. Approximately $8.0 million and $6.8 million is directly invested by management in three investment pools—the Law School Bond Fund, the PNC Money Market Fund, and the Commonfund Multi-Strategy Equity Fund at

June 30, 2022 and 2021, respectively. The assets in these funds consisted of donations and earnings at June 30, 2022 and 2021. The other investments of trusts and annuities are managed and directly invested by a third-party custodian.

6. 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.

The Foundation believes it has limited credit risk associated with accounts receivable and contributions receivable due to the size of the amount owed and its donor base.

7. Contributions Receivable

Promised contributions are due as follows at June 30:

	2022	2021
Due within one year	$ **19,138,795**	$ 28,388,293
Due within one to five years	**18,727,347**	19,489,123
More than five years	**4,900**	202,000
Subtotal	**37,871,042**	48,079,416
Less: allowance for doubtful accounts	**(346,437)**	(2,118,011)
Less: unamortized discount	**(724,719)**	(352,701)
Contributions receivable, net	**36,799,886**	45,608,704
Less: contributions receivable - non- current portion	**(17,832,766)**	(19,132,192)
Contributions receivable - current portion	$ **18,967,120**	$ 26,476,512

The discount rate used to calculate the present value component at June 30, 2022 and 2021 was 2.99% and 0.46%, respectively. The difference between the fair value of contributions receivable and the carrying value is deemed to be immaterial for financial statement purposes.

8. Conditional Promises to Give and Intentions (Unaudited)

Various contributors have informed the Foundation of intentions to give approximately $111 million and $94 million at June 30, 2022 and 2021, respectively. These intentions relate primarily to bequests and revocable trusts, which can be changed and/or amended at the contributor's discretion. These amounts are not recorded in the accompanying financial statements as they are deemed conditional promises to give.

9. Endowments

The Foundation's endowment consists of approximately 803 individual accounts established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds that function as endowment funds. The net assets associated with endowment funds, including those that function as endowment 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 at least 95% of the fair value of 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 net assets with donor restrictions, (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 Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund
(2) The purposes of the Foundation and the endowment fund
(3) The 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

The Foundation's endowment funds consist of the following as of June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	$ 8,663,900	$ -	$ 8,663,900
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be held in perpetuity by donors	-	230,660,857	230,660,857
Other restricted endowment funds	-	393,515	393,515
Funds treated as endowment funds	-	9,886,547	9,886,547
Accumulated investment gains	1,690,662	84,748,150	86,438,812
Total	$ 10,354,562	$ 325,689,069	$ 336,043,631

The Foundation's endowment funds consist of the following as of June 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	$ 6,981,721	$ -	$ 6,981,721
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be held in perpetuity by donors	-	218,762,349	218,762,349
Other restricted endowment funds	-	393,490	393,490
Funds treated as endowment funds	-	8,111,453	8,111,453
Accumulated investment gains	1,613,284	91,247,235	92,860,519
Total	$ 8,595,005	$ 318,514,527	$ 327,109,532

Changes in Endowment Net Assets

The following table represents the changes in endowment net assets for the years ended:

June 30, 2022	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of the year	**$ 8,595,005**	**$ 318,514,527**	**$ 327,109,532**
Contributions and grants	**1,682,179**	**13,673,628**	**15,355,807**
Investment return, net	**77,378**	**4,997,702**	**5,075,080**
Appropriation of endowment assets for expenditure	**-**	**(8,687,247)**	**(8,687,247)**
Endowment fees	**-**	**(2,809,541)**	**(2,809,541)**
Endowment net assets, end of the year	**$ 10,354,562**	**$ 325,689,069**	**$ 336,043,631**

June 30, 2021	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of the year	$ 6,163,349	$ 250,905,099	$ 257,068,448
Contributions and grants	1,013,157	16,684,149	17,697,306
Investment return, net	1,418,499	61,520,691	62,939,190
Appropriation of endowment assets for expenditure	-	(7,520,259)	(7,520,259)
Endowment fees	-	(3,075,153)	(3,075,153)
Endowment net assets, end of the year	$ 8,595,005	$ 318,514,527	$ 327,109,532

Underwater Endowment Funds

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. There were no underwater endowments as of June 30, 2022 and 2021, respectively.

Return and Risk Objectives

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

The USMF 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 Investment Committee to reassess the portfolio's positioning if these levels are breached.

Strategies Employed for Achieving Objectives

To satisfy its objectives, USMF employs a diversified asset allocation that allows for investment in public risk assets (primarily liquid investments), private risk assets (most illiquid investments), intermediate assets (private assets with shorter, finite illiquidity periods) and safe assets (cash and U.S. Government securities and prime money market funds).

The asset allocation target ranges inclusive of these securities as of both June 30, 2022 and 2021 is as follows:

Asset Class	Policy Target	Minimum	Maximum
Safe Assets	3%	0%	25%
Intermediate Assets	15%	5%	25%
Public Risk Assets	52%	25%	75%
Private Risk Assets	30%	10%	75%

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)** <u>**Safe Assets**</u> are defined as investments with little-to-no principal risk. These assets are cash, U.S. Government securities and money market funds. 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 obligations. Maintaining safe assets minimizes the risk of becoming forced sellers of assets during moments of market stress.

b) Public Risk Assets constitute the primarily liquid investments. The preponderance of these investments are traded in liquid markets/exchanges. The Endowment pursues various, uncorrelated objectives across equity and credit managers and instruments. Objects vary as strategies seek growth, value, momentum, inflation protection, and/or catalyst driven events.

c) Intermediate Assets represent private, finite life investment vehicles whose term is generally longer than public risk assets, but shorter than private risk assets. Since there is illiquidity within these investments, they seek to earn returns above market lending rates, but not as high as private risk assets. Many strategies within this asset class have a credit or contractual yield orientation, with lower correlations to public equity markets. These include strategies such as income-oriented direct lending, opportunistic credit and distressed debt, among other niche credit opportunities. In many cases, these investments are backed by corporate or hard-asset collateral and/or structured with a higher priority of payments within a stressed or distressed situation (i.e. senior secured). Intermediate Assets offer idiosyncratic return/risk profiles that are generally more predictable and consistent; thereby aiming to reduce overall portfolio risk in tandem with earning attractive returns.

d) Private Risk Assets are the illiquid portion of the portfolio, serving as the primary driver of return enhancement relative to 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 access to this capital is restricted for the term of each investment, we expect to earn a return above public market equivalent investments. These investments primarily invest in the equity of businesses as well as physical assets. A wide variety of strategies are utilized across varied geographies, sectors, structures, and durations all adding up to a broadly diversified portfolio.

(2) Diversification: By allocating funds to asset classes whose returns are not highly correlated over time, the USMF 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 limit losses during bear markets. No more than 5% of the endowment fund's assets may be invested in one fund and no more than 10% of the endowment fund's assets may be invested in one manager, with certain exceptions to these limits approved by the USMF Investment Committee.

(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, 2022 and 2021, respectively. 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 spending rates for both fiscal years 2022 and 2021 were 4.0%. The approved spending rate for fiscal year 2023 is 4.0%.

Newly created individual endowment funds, in order to have annual spendable income, must be invested for at least three months prior to the calculation date and meet minimum value requirements. In establishing this policy, the Finance Committee considered the long-term expected return on the endowment and its goal of preserving principal. 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.

A request must be made to carry-over unspent appropriated funds for one year.

10. Net Assets with Donor Restrictions

Net asset balances with donor restrictions of the Foundation consist of the following at:

June 30,	2022	2021
Subject to the Foundation's spending policy and appropriation:		
Investment in perpetuity (including original gift amounts of $230,660,857 in 2022 and $218,762,349 in 2021), with gains that once appropriated, is expendable to support:		
Program support	$ 97,042,770	$ 91,600,847
Student support	61,152,623	60,396,397
Faculty support	161,674,710	159,493,974
Research	5,613,781	6,819,889
Capital projects	205,184	203,420
	325,689,068	318,514,527
Subject to expenditure for specific purpose:		
Program support	31,264,742	27,403,803
Student support	21,196,914	24,737,917
Faculty support	1,528,441	2,073,472
Research	13,321,655	7,737,749
Capital projects	5,790,154	6,457,481
	73,101,906	68,410,422
Total	$ 398,790,974	$ 386,924,949

During the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donor or by the passage of time, as follows:

	2022	2021
Program support	$ 5,778,457	$ 8,047,420
Student support	6,177,774	3,597,593
Faculty support	5,350,197	4,571,976
Research	2,044,758	1,784,829
Capital projects	-	768,569
Total	$ 19,351,186	$ 18,770,387

11. Net Assets Without Donor Restrictions

The Foundation implemented Board-designated reserve policies as approved by the Board of Trustees to simplify and better reflect current economic realities. The following reflects the net assets for specific purposes within board-designated net assets at:

June 30,		2022		2021
Board-Designated Net Assets				
Operating budget				
Net assets were established to cover the Foundation's annual operating budget	$	**3,364,871**	$	3,322,370
Scholarship Board-Designated fund				
Scholarship match related to endowment		**10,354,562**		8,595,005
Other scholarship matching funds		**2,364,173**		2,927,331
Total Board-designated net assets		**16,083,606**		14,844,706
Undesignated net assets		**25,496,968**		31,916,344
Total	$	**41,580,574**	$	46,761,050

12. Description of Program and Supporting Services

The following program and supporting services are included in the statements of functional expenses:

Student and Faculty Support

These expenses are associated with student scholarships, awards and related activities. Faculty support is to assist in the various department's ability to fund the chair of the department, professorship, fellowship and other faculty support and related expenses.

Campus Programs

These expenses are associated with maintaining and improving the schools and units throughout UMB's campus for the day-to-day operations including university advancement, alumni activities, conferences, seminars and special events.

Research

This program is designed to assist departments with costs related to expanding research in many academic fields. Costs such as lab equipment, materials and computer programs are included in this area.

Capital Projects

These expenses include the construction, repair and maintenance of buildings and equipment throughout the UMB campus.

General and Administrative

These expenses relate to the day-to-day operation of the administrative, accounting office of the Foundation, including salary reimbursement to UMB.

Fundraising

These expenses are associated with fundraising initiatives and activities throughout UMB's campus.

13. 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.

14. Split-Interest Agreements Requirements

As required by various State regulations, the Foundation internally reserves cash and investments in the amount of $2,668,421 and $3,863,777 associated with annuity liabilities of $1,954,553 and $2,298,669 as of June 30, 2022 and 2021, respectively.

15. Related Party Transactions

Foundation personnel are employees of the University of Maryland Baltimore. The University administers all payroll and fringe benefit costs. The Foundation reimburses the University for these costs on a quarterly basis, estimating the salary costs of individuals devoting effort to the Foundation. The amount reimbursed by the Foundation to the University was $1,573,010 and $1,750,282 for the years ended June 30, 2022 and 2021, respectively.

16. 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, 2022, 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.

17. Subsequent Events

The Foundation evaluated subsequent events through October 26, 2022, the date the financial statements were available to be issued. There were no events that required adjustments to or disclosure in the financial statements.