The University of Maryland College Park Foundation, Inc. and Subsidiary

Consolidated Financial Report
June 30, 2024

Contents

Independent Auditor's Report

Board of Trustees
The University of Maryland College Park Foundation, Inc.

Opinion

We have audited the consolidated financial statements of The University of Maryland College Park Foundation, Inc. and Subsidiary (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the consolidated financial statements of Terrapin Development Company, LLC and Subsidiaries (TDC), a majority-owned subsidiary, whose statements reflect total assets constituting 6% of consolidated total assets at June 30, 2024 and 2023, and total revenues constituting 5% and 7%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TDC, is based solely on the report of the other auditors.

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 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.

RSM US LLP

Gaithersburg, Maryland
October 23, 2024

The University of Maryland College Park Foundation, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 109,871,822**	$ 54,133,064
Contributions receivable, current portion, net	**53,805,140**	80,808,772
Short-term investments	**137,130,108**	100,759,398
Loan receivables, current portion, net	**95,699**	92,874
Total current assets	**300,902,769**	235,794,108
Investments:		
Endowment	**741,808,553**	680,514,878
Investments held for split-interest agreements	**3,277,214**	2,754,559
Total investments	**745,085,767**	683,269,437
TDC—property and other assets	**67,642,885**	60,677,992
Other assets:		
Contributions receivable, long-term portion, net	**58,490,623**	54,566,092
Real estate holdings and property, net	**12,811,613**	1,300,868
Beneficial interest in split-interest agreements	**1,196,737**	1,155,077
Loan receivables, long-term portion, net	**6,268,092**	6,363,791
Total other assets	**78,767,065**	63,385,828
Total assets	**$ 1,192,398,486**	$ 1,043,127,365
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 21,168,958**	$ 278,389
Refundable advances	**3,009,878**	3,596,201
Total current liabilities	**24,178,836**	3,874,590
Other liabilities:		
TDC—liabilities	**582,441**	2,648,808
Split-interest agreements	**2,108,778**	1,898,981
Total other liabilities	**2,691,219**	4,547,789
Total liabilities	**26,870,055**	8,422,379
Commitments and contingencies (Note 14)		
Net assets:		
Without donor restrictions:		
Quasi-endowment	**249,368**	249,368
The Foundation	**44,420,430**	38,013,491
Total Foundation	**44,669,798**	38,262,859
UMCP noncontrolling interest in TDC	**12,687,633**	10,608,984
Total without donor restrictions	**57,357,431**	48,871,843
With donor restrictions	**1,108,171,000**	985,833,143
Total net assets:		
The Foundation	**1,152,840,798**	1,024,096,002
UMCP noncontrolling interest in TDC	**12,687,633**	10,608,984
Total net assets	**1,165,528,431**	1,034,704,986
Total liabilities and net assets:		
The Foundation	**1,179,710,853**	1,032,518,381
UMCP noncontrolling interest in TDC	**12,687,633**	10,608,984
Total liabilities and net assets	**$ 1,192,398,486**	$ 1,043,127,365

See notes to consolidated financial statements

The University of Maryland College Park Foundation, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 11,000	$ 118,393,245	118,404,245
Investment income, net of fees	8,455,267	53,721,692	62,176,959
Management fee appropriated from investments	6,506,371	-	6,506,371
Gain on investment in TDC	6,069,722	-	6,069,722
Other income	900,503	-	900,503
Change in valuation of split-interest agreements	-	(133,012)	(133,012)
Net assets released from restrictions	49,644,068	(49,644,068)	-
Total support and revenue	71,586,931	122,337,857	193,924,788
Expenses:			
Program	61,283,045	-	61,283,045
General and administrative	3,896,947	-	3,896,947
Total expenses	65,179,992	-	65,179,992
Change in net assets (Foundation)	6,406,939	122,337,857	128,744,796
UMCP noncontrolling interest in TDC:			
Increase in net assets resulting from operations	2,078,649	-	2,078,649
Change in net assets (UMCP noncontrolling interest in TDC)	2,078,649	-	2,078,649
Change in net assets	8,485,588	122,337,857	130,823,445
Net assets:			
Beginning	48,871,843	985,833,143	1,034,704,986
Ending	$ 57,357,431	$ 1,108,171,000	$ 1,165,528,431

See notes to consolidated financial statements.

The University of Maryland College Park Foundation, Inc. and Subsidiary

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 20,000	$ 153,305,438	153,325,438
Investment income, net of fees	(161,325)	30,135,435	29,974,110
Management fee appropriated from investments	6,420,623	-	6,420,623
Gain on investment in TDC	8,689,629	-	8,689,629
Other income	926,661	-	926,661
Change in valuation of split-interest agreements	(15,023)	(6,480,630)	(6,495,653)
Loss on rescinded contribution receivables	-	(3,800,323)	(3,800,323)
Net assets released from restrictions	58,160,779	(58,160,779)	-
Total support and revenue	74,041,344	114,999,141	189,040,485
Expenses:			
Program	63,053,815	-	63,053,815
General and administrative	2,857,533	-	2,857,533
Total expenses	65,911,348	-	65,911,348
Change in net assets (Foundation)	8,129,996	114,999,141	123,129,137
UMCP noncontrolling interest in TDC:			
Increase in net assets resulting from operations	2,984,614	-	2,984,614
Change in net assets (UMCP noncontrolling interest in TDC)	2,984,614	-	2,984,614
Change in net assets	11,114,610	114,999,141	126,113,751
Net assets:			
Beginning	15,407,361	870,834,002	886,241,363
Cumulative effect of change in TDC reporting	22,349,872	-	22,349,872
Ending	$ 48,871,843	$ 985,833,143	$ 1,034,704,986

See notes to consolidated financial statements.

The University of Maryland College Park Foundation, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ 130,823,445**	$ 126,113,751
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) on investments	**(51,883,000)**	(27,176,689)
Depreciation	**25,361**	25,361
Increase in discount on contributions receivable	**165,043**	1,794,735
(Decrease) in allowance for doubtful contributions	**(1,889,353)**	(6,681,904)
Contributions restricted for long-term investment	**(69,766,425)**	(47,953,844)
Cumulative effect of accounting change in TDC reporting	**-**	22,349,872
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	**24,803,411**	(23,368,335)
Split-interest agreements	**(501,582)**	(2,594,488)
Other assets	**(2,825)**	(2,841)
TDC—property and other assets	**(6,964,893)**	(28,615,016)
Increase (decrease) in:		
Accounts payable and accrued expenses	**20,890,568**	(2,784,031)
Refundable advances	**(586,323)**	2,242,759
TDC—liabilities	**(2,066,367)**	(8,061,159)
Net cash provided by operating activities	**43,047,060**	5,288,171
Cash flows from investing activities:		
Purchases of investments	**(60,045,455)**	(116,325,372)
Sales of investments	**14,264,070**	53,847,772
Purchases of property and equipment	**(11,536,105)**	-
Payments received on loan receivables	**95,699**	92,874
Net cash used in investing activities	**(57,221,791)**	(62,384,726)
Cash flows from financing activities:		
Payments made on split-interest agreements	**(715,547)**	(236,679)
Payments received on split-interest agreements	**862,611**	-
Capital lease principal payments	**-**	-
Contributions restricted for long-term investment	**69,766,425**	47,953,844
Net cash provided by financing activities	**69,913,489**	47,717,165
Net decrease in cash and cash equivalents	**55,738,758**	(9,379,390)
Cash and cash equivalents:		
Beginning	**54,133,064**	63,512,454
Ending	**$ 109,871,822**	$ 54,133,064
Supplemental schedules of noncash financing activities:		
Property and equipment purchases included in accounts payable and accrued expenses	**$ 2,725,904**	$ 322,104

See notes to consolidated financial statements

Note 1. Nature of Activities and Significant Accounting Policies

The University of Maryland College Park Foundation, Inc. (the Foundation or UMCPF), an independent foundation incorporated in 1999, manages funds received for the benefit of The University of Maryland College Park (the University or UMCP).

The Terrapin Development Company, LLC (TDC) was formed as a limited liability company under the laws of the state of Maryland with the Foundation being the sole manager and sole member. On July 1, 2017, the Operating Agreement was amended to admit The University of Maryland, College Park (UMCP) as a class A member. This operating agreement amendment effectively transferred $2 million in cash and approximately $28.5 million of the Foundation's tenant deposits, land, buildings and capital lease assets to TDC, as part of a strategic real estate development plan created in cooperation with UMCP. UMCP plans to eventually contribute 28.5 acres of property to TDC in the future as market conditions warrant; however, UMCP had not contributed any real property to TDC nor made any unconditional promises to give such assets as of June 30, 2024.

TDC's capital structure consists of real estate assets and cash contributed by both the Foundation and the planned contribution of property by the University. TDC's Board of Directors consists of five members appointed by the Foundation and four members appointed by the University. Effective July 1, 2017, the day-to-day operations and property management of the aforementioned real estate assets formerly held by UMCPF are being managed by an independent staff selected by and reporting directly to TDC's Board of Directors. Each member's interest in the company is based on the terms of the Operating Agreement.

A summary of the Foundation's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of the Foundation and TDC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation: The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities topics of the Codification, Balance Sheet and Income Statement, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions generally result from support derived from providing services and receiving unconditional contributions without donor restrictions, less expenses incurred in providing services, raising contributions and performing administrative functions. These funds are available for the use of the Foundation's supporting activities. The Board of Trustees has designated certain net assets without donor restrictions as a quasi-endowment.

Net assets with donor restrictions: Net assets with donor restrictions generally result from unconditional 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 these assets for general or specific purposes.

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

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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, funds held in trusts or by external endowment investment managers are classified with the deposits and investments, respectively. Cash equivalents include short-term U.S. Treasury securities and other short-term, highly liquid investments and are carried at cost plus accrued interest, which approximates fair value.

Financial risk: The Foundation maintains its cash in bank deposit accounts and money market accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash balances.

The Foundation invests in a professionally managed portfolio that contains various securities that are exposed to risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Credit risk: There are select donors who make significant contributions to the Foundation. During the years ended June 30, 2024 and 2023, respectively, two donors together accounted for 29% and 28% of the Foundation's revenue. As of June 30, 2024, three donors together accounted for 52% of the Foundation's contributions receivable, and as of June 30, 2023, two donors together accounted for 54% of the Foundation's contributions receivable.

Contributions receivable: Unconditional promises to give with payments due in future periods are reported as donor-restricted support when the funds are promised. 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 contribution is received. An allowance for uncollectible promises is recorded for promises 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 present value of the amounts expected to be collected. The amounts the Foundation will ultimately realize could differ from the amounts assumed on arriving at the present value and allowance for doubtful accounts.

Valuation of investments: The Foundation carries its investments at fair 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 University System of Maryland Foundation's (USMF) investment manager and Mercer, the Foundation's investment manager for current-use gift funds, under the general oversight of the Board of Trustees of the UMCP 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 the 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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The change in realized and unrealized gains or losses on investment securities is reflected in the consolidated statements of activities. All gains and losses arising from investments are accounted for on a specific identification basis calculated as of the trade date. For endowment assets, which are held in a pool, investment gains or losses are distributed monthly among the individual endowment funds based on the number of units of the pool held by each individual endowment account.

Trust investments: Trust investments consist of funds held by the Foundation on behalf of other individuals, entities or institutions. These funds may be held in separate accounts or commingled and managed in the endowment pool of the Foundation as agreed upon with the owner(s) of the asset(s).

In January 2015, UMCPF signed a Funds Management Agreement with the trustee of a Charitable Remainder Unitrust whose ultimate beneficiary is UMCPF. In August 2016, the Trustee of the Unitrust transferred $9 million to UMCPF to be held and invested per the terms of the Funds Management Agreement. In June 2020, UMCPF signed an updated Funds Management Agreement extending through December 31, 2022, with a two-year renewal option. In April 2023, the Trustee of the Unitrust notified the Foundation that the remaining beneficiary had passed. The remaining Unitrust assets were reverted to the Foundation to be used according to the donor's wishes.

Investments held for split-interest agreements and beneficial interest in split-interest agreements: The Foundation receives unconditional contributions in the form of charitable gift annuities and charitable remainder unitrusts, for which the Foundation acts as trustee and holds the assets. The value of the asset is based on the fair value of the underlying trust investments. 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.

Contributions received in the form of irrevocable split-interest agreements (charitable gift annuities and charitable trusts) which the Foundation does not hold the assets are recorded as contribution support at the present value of amounts expected to transfer to the Foundation at the estimated date of death of the current beneficiaries, which is estimated using Internal Revenue Service mortality tables and discount rates commensurate with the risks involved, ranging from 1.2% to 6.2%. Any subsequent changes in the value of the split-interest obligations are recorded as a change in value of split-interest obligations in the consolidated statements of activities.

During the life of the beneficiary or for the specified period of time, the Foundation pays the donor, or other specified parties, amounts as determined in the donor agreement. Upon fulfillment of the beneficiary payments or termination of the trust, the remaining assets are available to the Foundation to be used according to the donor's wishes.

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 change in valuation of split-interest agreements was $(133,012) and $(6,495,653) for fiscal years ended June 30, 2024 and 2023, respectively.

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 liabilities' expected terms are based on IRA actuarial tables and discount rates. The discount rates used to compute the present value of these liabilities are the original discount rates used at the time of the gift under Internal Revenue Code (IRC) Section 75206(a) and ranged from 1.2% to 6.2%.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Investments in real estate: Investments in real estate properties are stated at fair value in accordance with TDC's valuation policy, as amended from time to time; accordingly, TDC does not record depreciation.

The fair values of real estate investments are estimated based on the most probable price for which a property will sell in a competitive market under all conditions requisite to a fair sale. Determination of fair value involves judgment because the actual market value of real estate can be determined only by negotiation between the parties in a sales transaction.

TDC intends that the overarching principle when valuing its real estate investments will be to produce a valuation that represents a fair and accurate estimate of the fair value of its investments. Implicit in TDC's definition of fair value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Property values are affected by, among other things, the availability of capital, occupancy rates, rental rates, and interest and inflation rates. As a result, determining real estate and investment values involves many assumptions. Key inputs and assumptions include rental income and expense amounts, related rental income and expense growth rates, discount rates and capitalization rates. Valuation techniques include discounted cash flow analysis, prevailing market capitalization rates, analysis of recent comparable sales transactions, actual sale negotiations and bona fide purchase offers received from third parties. Amounts ultimately realized from each investment may vary significantly from the fair value presented.

Real estate investments owned by TDC are initially valued at its purchase price plus closing costs or the fair value of the property if contributed by a member. Rehabilitation costs and major renovations are capitalized as a component of cost and routine maintenance and repairs are charged to expense as incurred. The fair value of real estate investments does not reflect transaction costs, which may be incurred upon disposition of the real estate investment.

Functional allocation of expenses: The Foundation expends certain funds considered as general and administrative in nature. These funds are either on behalf of UMCP or its related programs and supporting activities or for the Foundation's business operations and have been classified as such. The costs of providing the Foundation's programs and activities have been summarized on a functional basis in the consolidated statements of activities.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Administrative fees: Foundation management designates investments from all net asset classes into operating and endowment categories. Administrative fees are charged by the Foundation to cover operating expenses as follows, depending on the type of investment portfolio into which the assets are placed:

Investments—operating and endowment: The Foundation's operating accounts are not assessed charges to fund the operating budget. Instead, to cover the operating budget and other financial obligations of the Foundation, the Foundation retains all investment earnings on operating funds.

On July 1, 2018, a five-year Funds Management Agreement with USMF was executed, as amended by Amendment No. 4 dated June 28, 2023, which extends the original agreement to December 30, 2024. The agreement states that USMF charges an annual fee on the market value of funds as of March 31 of the previous fiscal year (both operating and endowment) as follows:

- 30 basis points for investment balance less than $350 million.
- 27.5 basis points for investment balance between $350 million to $500 million.
- 25 basis points for amounts over $500 million.

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 management fee at the FY24 rate of 1.1% of the market value of assets managed. If an individual endowment account is underwater (cumulative cash contributions exceed market value) at the spendable income valuation date, no fee is assessed by the Foundation. The Foundation paid weighted average of 28.2 basis points of the market value to USMF for endowment investment management services for the fiscal years ended June 30, 2024 and 2023, in accordance with the terms of the investment management agreement.

On March 17, 2023, the Foundation transferred $23.6 million from the USMF Operating Portfolio to the Foundation's bank account and closed its account in the USMF Operating Portfolio. On April 3, 2024, the Foundation transferred $135,249,206 from its bank account to the Mercer Current-Use Gift Fund.

The administrative fee charged to the endowments by USMF of $1,868,941 and $1,831,441 for the years ended June 30, 2024 and 2023, respectively, is included in investment income, net of fees in the consolidated statement of activities.

Valuation of long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

Property and equipment: Property and equipment are recorded at cost, less accumulated depreciation and are depreciated using the straight-line method over the estimated useful lives. Expenditures of major repairs and improvements, which either add to the value or materially prolong the estimated useful life of a property, are capitalized. Expenditures of minor repairs and maintenance costs are expensed when incurred.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Classification of gifts: The Foundation reports unconditional gifts of cash and other assets as restricted support held in separate accounts 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, donor restricted net assets are reclassified to support without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

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 IRC and has been determined to not be a private foundation. Since the Foundation had no material net unrelated business income for the years ended June 30, 2024 and 2023, no provision for income taxes has been made. TDC has elected to be treated as a pass-through entity for income tax purposes and all taxable items flow through to its members.

The FASB issued guidance on accounting for uncertainty in income taxes which clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as more likely than not that the position is sustainable, based on its technical merits. This guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. No asset or liability has been recorded as of June 30, 2024 and 2023, for uncertain tax positions.

Estate gifts: The Foundation is the beneficiary under various wills and other agreements, the total realizable amounts of which are not presently determinable. The Foundation’s share of such amounts is not recorded until the Foundation has an irrevocable right to the bequest and the proceeds are measurable.

Terrapin Development Company consolidation: On January 23, 2017, TDC was formed as a limited liability company under the laws of the state of Maryland. On July 1, 2017, an Amended and Restated Operating Agreement was then signed transferring control of this master limited liability company to TDC. As the Foundation has a controlling interest in TDC as of June 30, 2024 and 2023, it follows the guidance outlined in ASC 958-810 for consolidation. The Foundation’s ownership percentage in TDC was 74.49% and 74.43% at June 30, 2024 and 2023, respectively.

Investment in subsidiary: On April 29, 2019, Property V LLC entered into an agreement to form a Joint Venture and Agreement of Sale (the Agreement) with a third party related to the future development of the real estate held by Property V LLC. Pursuant to the agreement, Property V LLC will sell the real estate and improvements to the planned joint venture for $7,000,000, plus reimbursement of costs incurred of $1,000,000, which will be paid in installments. On March 27, 2020, the real estate and improvements were sold to College Park JV, LLC for a sales price of $7,000,000. In conjunction with the sale, Property V LLC obtained an 11.3% interest in JV Holdings through its wholly owned subsidiary, Southern Gateway. The sale was accounted for as an exchange of the owned real estate asset for the equity interest; therefore, no gain or loss was recognized.

Southern Gateway’s committed capital contribution to JV Holdings is $6,930,000 and is fully funded.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

JV Holdings completed development as of June 30, 2024, and, therefore, there were no earnings to be allocated to Southern Gateway.

Subsequent events: The Foundation has evaluated subsequent events through October 23, 2024, the date on which the consolidated financial statements were available to be issued.

Note 2. Fair Value Measurements and Investments

FASB ASC 820, Fair Value Measurement, defines fair value, requires disclosures about fair value measurements, and establishes a three-level hierarchy for fair value measurements based on 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 following 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 include listed equities and listed mutual funds.

Level 2: Pricing inputs include market data which is readily available, regularly distributed or updated, reliable, verifiable, not proprietary, and 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 offshore hedge funds. In addition, the Foundation depends on USMF’s investment office and the general partner or the investment manager of the investment for pricing information. In general, the investment funds and partnerships that are within Level 3 are subject to annual audits.

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 UMCPF and USMF. 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 market 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.

Note 2. Fair Value Measurements and Investments (Continued)

The following table presents the financial investments carried at fair value as of June 30, 2024 and 2023, by the fair value hierarchy defined above:

(in thousands)	2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Short-term investments:				
Mutual funds (1)	$ 137,130	$ -	$ -	$ 137,130
Long-term investments:				
Investment in special strategies—USMF (4)	-	-	741,809	741,809
Investments held for split-interest agreements (5)	3,277	-	-	3,277
Total investments at fair value	140,407	-	741,809	882,216
Real estate held by TDC	-	-	67,024	67,024
Beneficial interest in split-interest agreements (5)	-	-	1,197	1,197
Total assets at fair value	$ 140,407	$ -	$ 810,030	$ 950,437

(in thousands)	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Short-term investments:				
Mutual funds (1)	$ 100,759	$ -	$ -	$ 100,759
Long-term investments:				
Investment in special strategies—USMF (4)	-	-	680,515	680,515
Investments held for split-interest agreements (5)	2,755	-	-	2,755
Total investments at fair value	103,514	-	680,515	784,029
Real estate held by TDC	-	-	60,021	60,021
Beneficial interest in split-interest agreements (5)	-	-	1,155	1,155
Total assets at fair value	$ 103,514	$ -	$ 741,691	$ 845,205

There was a transfer of assets valued at $23,408,651 from Level 3 to Level 1 classification for the year ended June 30, 2023. There were $8,440,257 and $7,004,744 of purchases of Level 3 investments during the years ended June 30, 2024 and 2023, respectively. There were $9,744,023 and $23,699,430 of issues of Level 3 investments during the years ended June 30, 2024 and 2023, respectively.

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

(1) Mutual funds include amounts invested in accounts with investment brokerage institutions, which are readily convertible to known amounts of cash. The Foundation invests in these assets to preserve principle and maintain liquidity for distributions required by charitable gift annuity and charitable trust agreements entered into by the Foundation. Investments held at these institutions are not insured by federal agencies and, thus bear a risk of loss. UMCPF has classified these investments as Level 1.

Note 2. Fair Value Measurements and Investments (Continued)

(2) The fair value of the bonds is based upon other than quoted prices with observable inputs. These investments fluctuate in value based upon changes in interest rates. UMCPF has classified these investments as Level 2. These investments had a $0 balances as of June 30, 2024 and 2023.

(3) Bonds—Maryland Proton Treatment Center Holding, LLC (MPTC)

a. In December 2012, Foundation management received approval from the Foundation Board of Trustees to purchase 10 Class A-1 Equity Units (shares) in MPTC, a Delaware Limited Liability Company for $1,000,000. In May of 2013, Foundation management received approval from the Foundation Board of Trustees to purchase a $5,000,000 Maryland Proton Treatment Center, LLC Senior Secured Note (Note) that matures and is payable in full on March 31, 2018. In April of 2016, MPTC notified the Foundation that a technical default condition existed in its lending agreement with a third party.

b. In August 2018, MPTC was re-capitalized using a municipal bond offering. All equity positions and bond holder positions were reduced in value, and the Foundation's position was reduced by 48%. The converted bonds will pay interest starting at various future dates depending on the type and subordination. The effect of these transactions are recorded in the consolidated financial statements for the fiscal year ending June 30, 2018, as a realized loss on investments. On September 24, 2018, these converted bonds were transferred into the Foundation's investment account at Woodbury Financial Services and are being held for future use. In 2023, the Foundation reduced the bonds' value by the difference between the book value and the amount of cash that can be obtained by disposing of the bonds.

c. In June 2023, the Foundation made the decision to write down the full book value of the Proton Bond Investment $(3,750,000).

(4) Investments in special strategies are invested by USMF on behalf of UMCPF 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. USMF has not classified itself as an investment company. The investment in special strategies-USMF is presented as Level 3 in the fair value hierarchy 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 components of and a description of the investment strategies, as disclosed by USMF, of the special strategies-USMF portfolio are as follows:

Managed accounts investing in money market funds and short-term investments: These include amounts invested in accounts with depository institutions and managed accounts, which are readily convertible to known amounts of cash. Valuation is based on quoted market prices. Money market and short-term investments are unitized to maintain liquidity for spending needs and unfunded commitment liability. 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. Money market funds and short-term investments represents approximately 2.7% and 4.4%, respectively, of the total investment held by USMF at June 30, 2024 and 2023.

Note 2. Fair Value Measurements and Investments (Continued)

Investments in equity securities and mutual funds: In general, equity securities and mutual funds traded on national securities exchange 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. Equity Securities and Mutual Funds represents approximately 13.9% and 10.7%, respectively, of the total investment held by USMF at June 30, 2024 and 2023.

Separately managed accounts: Separately managed accounts represent vehicles that are managed by external investment managers that trade and hold securities on the USMF's behalf. The investments held in these separately managed accounts are largely publicly traded common stock and fixed income securities that are easily converted into cash; however, the vehicle through which they invest is a separately managed account with a fair value that is not observable, but maintains observable inputs that external managers use to determine the fair value of the portfolio and, therefore, warrants a Level 2 classification. One of the separately managed accounts invests in hedge funds with unobservable inputs and is, therefore, classified as Level 3. Separately managed accounts represent approximately 19.0% and 20.4%, respectively, of the total investments held by USMF at June 30, 2024 and 2023.

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

Due to the limited availability of valuation data as of the USMF's year-end, management utilizes the most recent NAV or ownership percentage, which may be on a month to quarter lag. Management adjusts the net asset value or ownership percentage to be more representative of the year-end fair value by including capital contributions and redemptions or returns of capital during the gap period. Management will also adjust for known performance adjustments for private investments that hold publicly traded securities. Performance adjustments ranged from 0.12% to 4.42% for those investments on a lag. No performance adjustments are made to private risk investments on a quarter lag given the lack of observability of investment performance at the time of report issuance.

The 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 the Foundation's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the security's principal markets. Management performs a retroactive review of its fair value estimates by comparing them to actual year-end statements received subsequent to year-end. Private Investments represent approximately 64.4% and 64.5%, respectively, of the total investments held by USMF at June 30, 2024 and 2023.

Note 2. Fair Value Measurements and Investments (Continued)

Investment income, net of fees and management fees appropriated from investments consists of the following for the years ended June 30, 2024 and 2023:

(in thousands)	2024	2023
Realized and unrealized gains	$ 51,883	$ 27,177
Interest and dividends	19,157	11,586
Investment fees	(8,863)	(8,789)
Total investment income, net of fees	$ 62,177	$ 29,974
Management fees appropriated from investments	$ 6,506	$ 6,421

Note 3. Real Estate Holdings and Property

Real estate holdings and property and accumulated depreciation consist of the following at June 30, 2024 and 2023:

(in thousands)	2024	2023
Land UMCPF	$ 1,446	$ 1,446
Basketball Performance Center	11,536	-
Artwork UMCPF	100	100
	13,082	1,546
Less accumulated depreciation	(270)	(245)
Total UMCPF	$ 12,812	$ 1,301

Note 4. Contributions Receivable

As of June 30, 2024 and 2023, contributors have unconditionally promised to give $112,295,763 and $135,374,864, respectively, to the Foundation. Promised contributions are due as follows as of June 30, 2024 and 2023:

(in thousands)	2024	2023
Due within one year	$ 55,263	$ 83,489
Due in 1 to 5 years	63,267	59,716
More than five years	1,738	1,867
	120,268	145,072
Less allowance for doubtful accounts	(2,752)	(4,642)
Less discount to present value	(5,220)	(5,055)
Total contributions receivable, net	$ 112,296	$ 135,375

Note 4. Contributions Receivable (Continued)

The discount rate used to calculate the present value component of new pledges during the years ended June 30, 2024 and 2023, was 6.91% and 6.69%, respectively, for those contributions due in zero to five years and for contributions due in more than five years, the discount rate used to calculate the present value component of new pledges during the years ended June 30, 2024 and 2023, was 8.50% and 8.25%, respectively.

At June 30, 2024 and 2023, the Foundation had outstanding conditional contributions of $8,950,741 and $18,521,496, respectively.

Note 5. Endowments

The Foundation's endowment consists of over 1,600 individual accounts established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment funds. The net assets associated with endowment funds, including funds designated by the Board 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 enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation 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 donor-restricted net assets: (a) the original value of 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.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023, is noted below:

(in thousands)		2024	
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 841,211	$ 841,211
Board-designated endowments funds	249	-	249
Total endowment funds	$ 249	$ 841,211	$ 841,460

(in thousands)		2023	
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 731,099	$ 731,099
Board-designated endowment funds	249	-	249
Total endowment funds	$ 249	$ 731,099	$ 731,348

Note 5. Endowments (Continued)

Changes in endowment net assets for the years ended June 30, 2024 and 2023, are as follows:

	2024		
(in thousands)	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 249	$ 731,099	$ 731,348
Investment return	-	51,511	51,511
Gifts	-	78,047	78,047
Appropriation of endowment assets for expenditure	-	(19,446)	(19,446)
Endowment net assets, end of year	$ 249	$ 841,211	$ 841,460

	2023		
(in thousands)	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 249	$ 675,648	$ 675,897
Investment return	-	22,528	22,528
Gifts	-	52,345	52,345
Appropriation of endowment assets for expenditure	-	(19,422)	(19,422)
Endowment net assets, end of year	$ 249	$ 731,099	$ 731,348

Note 6. Donor Restricted Net Assets—Endowment Funds

The portion of endowment funds that is required to be retained either by explicit donor stipulation or by UPMIFA as of June 30, 2024 and 2023, is as follows:

(in thousands)	2024	2023
Academic programs	$ 413,444	$ 408,491
Scholarship/fellowship	292,318	235,158
University advancement	103,584	59,188
Student support	14,067	13,296
Facility and advancement	6,798	5,896
Research	10,263	8,465
Athletics	737	605
	$ 841,211	$ 731,099

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 UPMIFA requires the Foundation to retain as a fund of perpetual duration. At year-end for fiscal years 2024 and 2023, no individual endowments had market values below their respective donated principal balances (donated principal or corpus).

Note 6. Donor Restricted Net Assets—Endowment Funds (Continued)

Return objectives and risk parameters: The Foundation has adopted investment and spending policies for the endowment that seek to provide a steady and sustainable distribution of funds 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.

USMF has adopted investment and spending policies for the endowment that seek to provide a steady and sustainable distribution of funds to support operations at various institutions. The Investment Committee governs according to fundamental investment principles, approved by the Board of Trustees and the Investment Committee, on which the Foundation is represented, 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, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Foundation, through its own-managed funds and USMF-managed funds, targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints.

USMF employs a diversified asset allocation that allows for investment in public risk assets (liquid investments), private risk assets (illiquid portion of the portfolio), intermediate assets (private assets with shorter, finite illiquidity periods) 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 risk).

The asset allocation target ranges inclusive of these securities are 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 endowment portfolio is constructed based on the following principles:

Allocation: The overall goal of the 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.

Note 6. Donor Restricted Net Assets—Endowment Funds (Continued)

b. 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 modest liquidity 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 direct lending, distressed lending/sales and niche credit opportunities. In many cases, collateral is attached to these investments and/or they seek a higher priority of payments within a stressed or distressed environment. They 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.

c. Public risk assets define liquid investments. These investments are traded in liquid markets/ exchanges. Within this section of the portfolio, a number of uncorrelated objectives across equity and credit managers and instruments are sought.

   Orientations vary as they seek growth, value, momentum, inflation protection, and/or catalyst-driven events. Some of these investments will track closely to market indices, with a goal to earn or exceed the benchmark return, but with less risk than the benchmark. Other investments will closely follow a market benchmark, as they seek to offer broad diversification for the aggregate portfolio, while still earning high-risk adjusted returns, while muting general equity market volatility when possible.

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 time frame, 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 seek to invest in the debt and/or equity of businesses as well as physical assets. A wide variety of strategies are utilized across varied geographies, sectors and liquidity profiles, to achieve market and vintage year diversification.

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 the benefits of equity bull markets, it will also avoid the full brunt of bear markets. No more than 5% of the Foundation's assets may be invested in one fund and no more than 10% of the Foundation's assets may be invested in one manager. The Investment Committee, however, may make an exception in special circumstances.

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.

Note 7. Spending Policy and Relationship of Spending Policy to Investment Objectives

The Foundation has a spending rate rule for its investments held for endowment in order to preserve 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.

Note 7. Spending Policy and Relationship of Spending Policy to Investment Objectives (Continued)

In 2024 the Foundation updated its spending policy, which is based on the following:

a. All fully-funded endowed funds in existence before July 1 will be eligible for full spendable income, as determined annually by the Board of Trustees (currently 4%), the following July 1 based on the preceding September 30 market value of the endowed fund.

b. Endowed funds whose market value as of the measurement date minus the corpus is less than 5.4% of the corpus, shall receive a proportional share of the full spendable income allocation based upon the pro-rata share of the excess market value over the corpus.

c. Endowed funds whose market value as of the measurement date is less than the corpus value, i.e., underwater, shall not receive any spendable income without written donor consent until such time the market value as of the measurement date exceeds the corpus value.

Any available spendable income balance at fiscal year-end from the prior two fiscal years will automatically be carried over to the next fiscal year.

The policy adopted by the Board of Trustees requires the unspent amounts to be un-allocated and not made available for spending purposes from the endowment; thereby increasing the market value on which all future spendable income allocations will be determined.

Note 8. Restricted Net Asset Activity

Donor-restricted net assets: Net assets with donor restrictions are restricted for the following purposes at June 30, 2024 and 2023:

(in thousands)	2024	2023
Academic programs	$ 430,881	$ 399,192
Scholarship/fellowship	287,543	254,665
University advancement	171,233	102,232
Research	36,687	34,589
Student support	25,434	21,702
Facility advancement	36,755	32,296
Athletics	7,348	5,788
Time restricted	112,290	135,369
	$ 1,108,171	$ 985,833

Note 8. Restricted Net Asset Activity (Continued)

Net assets released from restrictions: Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes or by occurrence of other events as specified by donors. Expenditures on donor-restricted funds are released out of the appreciation related to those funds to the extent allowed by the donors. Such net assets were released as follows during the year ended June 30, 2024 and 2023:

(in thousands)	2024	2023
Facility advancement	$ 2,110	$ 11,711
Academic programs	17,471	16,943
Scholarship/fellowship	13,210	11,245
University advancement	9,364	9,676
Athletics	3,740	4,591
Research	1,982	2,111
Student support	1,767	1,884
	$ 49,644	$ 58,161

Note 9. Loan Receivables

On May 21, 2021, the Foundation entered into a loan agreement with The University of Maryland Alumni Association, Inc. (borrower) in the amount of $6,641,859. An officer of the borrower is also an officer at the Foundation and the president of the Foundation is on the Board of Governors of the borrower. Payments commenced on June 1, 2021, and are due on the first day of every month thereafter, until and including May 1, 2061. The loan shall bear interest at a fixed rate of 3.00% per annum. As of June 30, 2024 and 2023, no allowance was deemed required on this loan. There is no collateral on the loan. Future loan receivable payments for the next five years through 2029 and thereafter for the above note receivable are as follows:

(in thousands)	
Years ending June 30:	
2025	$ 96
2026	99
2027	102
2028	105
2029	108
Thereafter	5,854
Total loan receivable payments	$ 6,364

Note 10. Liquidity and Availability

The Foundation manages its investment pool to ensure liquidity is sufficient to meet its spending needs. The portfolio's allocation to public risk assets provides market exposure and the liquidity needed to support recurring program expenditures as they become due. Liquidity is managed through the construct of the investment policy highlighted in Note 7.

Funds available at June 30, 2024 and 2023, to meet general expenditures within one year are as follows:

(in thousands)	2024	2023
Cash and cash equivalents	$ 109,872	$ 54,133
Contributions receivable	112,296	135,375
Short-term investments	137,130	100,759
Endowment investments	741,809	680,515
Investments held for split-interest agreements	3,277	2,755
Loan receivables	6,364	6,457
TDC—property and other assets	67,643	60,678
Real estate holdings and property, net	12,812	1,301
Beneficial interest in split-interest agreements	1,196	1,154
Total financial assets, at year-end	1,192,399	1,043,127
Less those unavailable for general expenditures within one year:		
Net assets with donor restrictions less capitalized PPE	(1,108,171)	(985,833)
Contributions receivable not expected to be collected in next year	(58,491)	(54,566)
Loans receivable not expected to be collected in next year	(6,268)	(6,364)
TDC—property and other assets	(67,643)	(60,678)
Real estate holdings and property, net	(12,812)	(1,301)
Beneficial interest in split-interest agreements	(1,197)	(1,155)
Financial assets available to meet general expenditures over the next 12 months	$ (62,183)	$ (66,770)

Note 11. Leases

TDC has approximately 10,425 square feet of retail space available for lease, as well as two ground leases for land. The leases provide for terms ranging generally from five to 10 years and generally provide for additional rents based on reimbursement of certain operating expenses. The ground leases also require annual percentage rent as defined within the lease agreements.

On October 1, 2021, TDC closed on the ground lease transaction with Greystar by executing a 75-year ground lease agreement and received $4,475,000 of upfront ground lease payments, which were reduced by $420,309 of cost reimbursements, and $1,000,000 in ground lease option payments. The ground lease payments are being recognized over the estimated three-year construction term, beginning on September 28, 2021. During the years ended June 30, 2024 and 2023, $2,093,328 and $3,326,868, respectively, of upfront ground lease payments have been recognized as revenue by TDC and $0 and $2,093,382, respectively, is included in TDC—liabilities on the consolidated statements of financial position.

Note 11. Leases (Continued)

Future minimum rental receipts for the next five years through 2029 and thereafter are as follows:

(in thousands)

Years ending June 30:		
2025	$	887
2026		902
2027		917
2028		922
2029		899
Thereafter		57,100
	$	61,627

Note 12. Related-Party Transactions

Various members of the Foundation may also be members of the Board of Trustees of the investment manager, USMF.

The Foundation has no employees. The University tracks and administers all payroll and fringe benefit costs for its employees who substantially support the Foundation. The Foundation reimburses the University for the salary and benefit costs on an annual basis, estimating the salary costs of individuals devoting effort to the Foundation, and applying a 37% and 36%, respectively, fringe rate in addition to the salary costs for the fiscal years ended June 30, 2024 and 2023.

The Foundation supports commitments for fund raising expenses of the University, as per the affiliation agreement with UMCP. The amount paid by the Foundation to the University was $1,863,150 and $1,457,394, respectively, for the fiscal years ended June 30, 2024 and 2023.

The Foundation receives significant support in the form of contributions from Board members.

See Note 9 for an additional related-party transaction.

Note 13. Charitable Gift Annuity Requirements

As required by the state of Maryland, the Foundation internally reserves cash and investments associated with annuity liabilities of $2,108,778 and $1,898,981 as of June 30, 2024 and 2023, respectively.

Note 14. Commitments and Contingencies

During the course of its operations, the Foundation may be exposed to various forms of litigation, claims and assessments. As of June 30, 2024 and 2023, management was not aware of any matters that could have a material effect on its financial position, change in net assets or cash flows.

On April 29, 2021, the Foundation entered into a revolving line of credit agreement with Capital One, National Association in the amount of $10,000,000. The line bears interest at one-month London Interbank Offered Rate plus 1.50%. Under terms of the line of credit, the Foundation must comply with usual and customary covenants including but not limited to limitations on additional debt without prior written consent of the Bank, and no merger or change of control without the Bank's prior written approval. On April 25, 2023, an amendment was executed to renew the revolving line of credit in the amount of $15,000,000. There were no borrowings against the line as of June 30, 2024 and 2023.

The University of Maryland College Park Foundation and the University of Maryland, College Park (UMD), acting through the Department of Planning & Construction for project management services, will construct the Barry P. Gossett Basketball Performance Center. On June 16, 2023, the Board of Regents of the University System of Maryland approved UMD granting to the Foundation the right of access to a certain area on UMD's Campus for the purpose of constructing the Barry P. Gossett Basketball Performance Center, which is a 42,000 gross square foot building at an estimated cost of $52,000,000. The Board of Regents approved the Foundation to fund the project with donor funds of approximately $47,000,000, and the state of Maryland committed $5,000,000 to the project. The contract for the construction of the building is signed between the Foundation and Clark Construction Group, LLC.

Note 15. Functional Expenses

The Foundation reports expenses as program and general and administrative. Expenses are allocated on a reasonable basis that is consistently applied. The following are functional expenses for the years ended June 30, 2024 and 2023:

- **Program:** These expenses relate to various programs to promote the interest of the individual colleges/schools, to support activities and facilities of the buildings, to aid with the various costs associated with maintaining and improving different departments, to award student scholarships, to fund the purchases of equipment needed for the different campus fields of studies, and to support the athletics programs.

- **General and administrative:** These expenses relate to the day-to-day operation of the administrative and accounting offices of the organization.

Note 15. Functional Expenses (Continued)

An analysis of expenses by functional and natural basis consists of the following as of June 30, 2024 and 2023:

	2024		
(in thousands)	Program	General and Administrative	Total
Transfer to UMCP	$ 50,016	$ -	$ 50,016
UMCP construction projects	839	-	839
Reimbursement to UMCP	-	1,863	1,863
Public relations and promotion	2,720	185	2,905
Other expenses	1,761	612	2,373
Office expenses	1,265	26	1,291
Occupancy	100	38	138
IT expenses	407	73	480
Fees for services	4,175	1,075	5,250
Depreciation	-	25	25
Total	$ 61,283	$ 3,897	$ 65,180

	2023		
(in thousands)	Program	General and Administrative	Total
Transfer to UMCP	$ 50,765	$ -	$ 50,765
UMCP construction projects	3,340	-	3,340
Reimbursement to UMCP	-	1,457	1,457
Public relations and promotion	2,089	125	2,214
Other expenses	1,025	650	1,675
Office expenses	1,675	38	1,713
Occupancy	160	10	170
IT expenses	338	45	383
Fees for services	3,662	507	4,169
Depreciation	-	25	25
Total	$ 63,054	$ 2,857	$ 65,911