

ST. MARY'S COLLEGE OF MARYLAND

**Financial Statements
and
Independent Auditors' Report**

Years Ended June 30, 2005 and 2004

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INDEPENDENT AUDITORS' REPORT

Board of Trustees

St. Mary's College of Maryland

We have audited the accompanying basic financial statements of St. Mary's College of Maryland (College), a component unit of the State of Maryland, and its discretely presented component unit, St. Mary's College of Maryland Foundation, Inc. (Foundation), as of and for the year ended June 30, 2005, as listed in the Table of Contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the College as of and for the year ended June 30, 2004 were audited by other auditors whose report dated September 30, 2004 expressed an unqualified opinion on those statements. We did not audit the financial statements of the Foundation, which represents 100 percent of the discretely presented component unit as of and for the year ended June 30, 2005. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 5 through 15 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

October 7, 2005

ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

St. Mary's College of Maryland is pleased to present its financial statements for fiscal year 2005 with fiscal year 2004 prior-year data for comparative purposes. There are three financial statements presented for each fiscal year. The Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The discussion and analysis of the College's financial statements provide an overview of its financial activities for the year. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities and current known facts.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of each fiscal year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a financial snapshot of St. Mary's College of Maryland. The Statement of Net Assets presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets (fund balances). From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors (accounts payable), investors (bonds payable) and banks (notes payable). Finally, the Statement of Net Assets provides a picture of the net assets and their availability for expenditure by the institution.

Condensed Statement of Net Assets (in thousands of dollars)

	<u>2005</u>	<u>% of Total</u>	<u>2004</u>	<u>% of Total</u>	<u>Change</u>
Assets					
Current Assets	\$ 13,562	12%	\$ 13,453	13%	\$ 109
Noncurrent Assets					
Capital	94,327	82%	87,848	81%	6,479
Other	<u>6,709</u>	<u>6%</u>	<u>6,688</u>	<u>6%</u>	<u>21</u>
Total Assets	<u>114,598</u>	<u>100%</u>	<u>\$107,989</u>	<u>100%</u>	<u>6,609</u>
Liabilities					
Current Liabilities	6,138	13%	5,390	12%	748
Noncurrent Liabilities	<u>39,253</u>	<u>87%</u>	<u>40,384</u>	<u>88%</u>	<u>(1,131)</u>
Total Liabilities	<u>45,391</u>	<u>100%</u>	<u>45,774</u>	<u>100%</u>	<u>(383)</u>
Net Assets					
Invested in capital assets, net					
of related debt	55,026	80%	49,735	80%	5,291
Restricted					
Nonexpendable	1,000	1%	1,000	2%	-0-
Expendable	414	1%	284	0%	130
Unrestricted	<u>12,767</u>	<u>18%</u>	<u>11,196</u>	<u>18%</u>	<u>1,571</u>
Total Net Assets	<u>\$ 69,207</u>	<u>100%</u>	<u>\$ 62,215</u>	<u>100%</u>	<u>\$ 6,992</u>

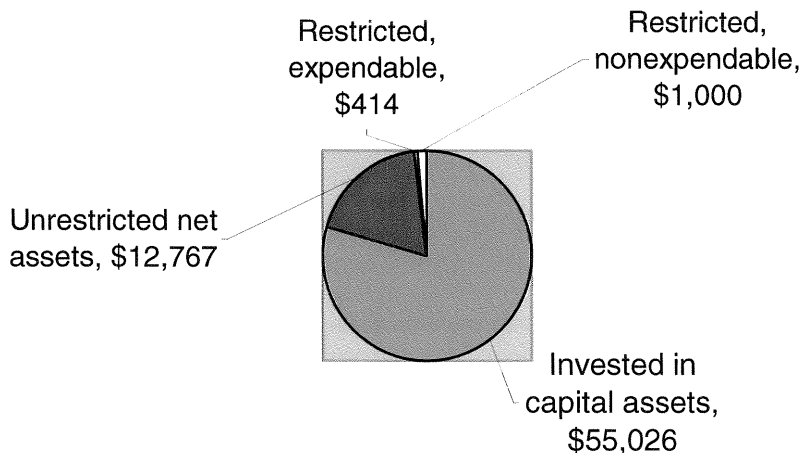
ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Statement of Net Assets (Continued)

The total assets of the institution increased \$6.6 million. This increase was primarily due to an increase in capital assets, including completion of a new recreational facility. The total liabilities for the year decreased \$383,000. This combination of an increase in total assets of \$6.6 million and decrease in total liabilities of \$383,000 resulted in an increase in total net assets of \$7 million.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debit, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for use by the institution, but must be spent only for purposes specified by donors. The final category is unrestricted net assets, which are available to be expended for any lawful purpose of the institution. The following graphs detail net assets by category held by the College as of June 30, 2005 and June 30, 2004, respectively.

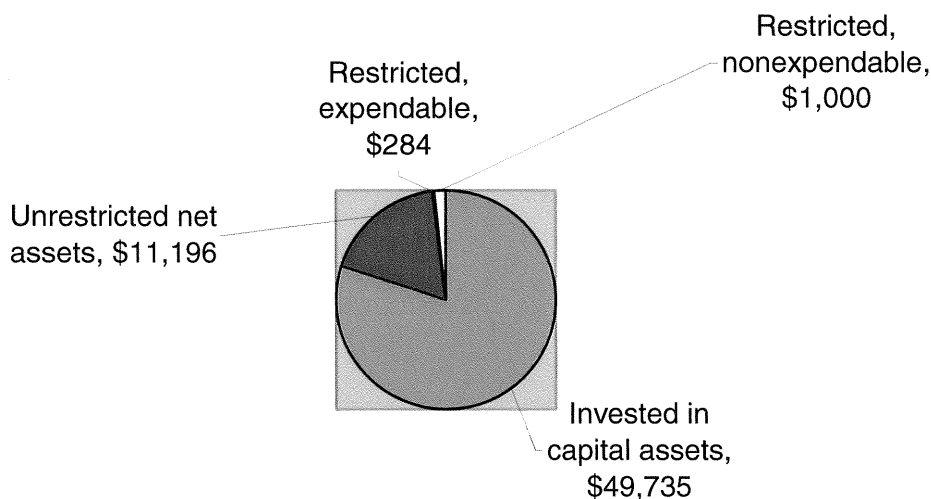
Net Assets, June 30, 2005



ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Statement of Net Assets (Continued)

Net Assets, June 30, 2004



The increase of \$7.0 million in total net assets is primarily due to funding received from the State to complete the new athletics and recreation facility, and an increase in tuition and fee revenues. The breakdown of unrestricted net assets with comparisons to last year is shown below:

Breakdown of Unrestricted Net Assets (in thousands of dollars)

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Encumbrances and carryovers for general operating purposes	\$ 582	\$ 898
Encumbrances for capital projects	522	977
Funds designated for current plant projects	2,911	1,637
Funds designated for future plant projects	1,273	1,796
Funds functioning as endowments	3,934	3,276
Unrestricted funds for general operating purposes	<u>3,545</u>	<u>2,612</u>
Total Unrestricted Net Assets	<u>\$12,767</u>	<u>\$11,196</u>

ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or incurred by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are generated by incidental activities, gifts and subsidies. The financial reporting model classifies State appropriations and gifts to the College as nonoperating revenues. Public higher education's dependency on State aid results in an operating deficit. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation. Depreciation indicates that the College is "using up" long-term assets, such as buildings, over time.

ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Condensed Statement of Revenues, Expenses, and Changes in Net Assets (in thousands of dollars)

	2005	2004
Operating revenues		
Tuition and fees, less scholarships and waivers	\$ 16,368	\$ 14,666
Grants and contracts	1,643	1,924
Sales and services of educational departments	714	598
Auxiliary enterprises	12,949	12,038
Other operating revenues	158	109
Total operating revenues	<u>\$31,832</u>	<u>\$29,335</u>
Operating expenses	<u>46,836</u>	<u>42,056</u>
Operating loss	(15,004)	(12,721)
Nonoperating revenues		
State appropriations	13,977	13,682
Other nonoperating income (deficit)	588	(36)
Net non-operating revenues	<u>14,565</u>	<u>13,646</u>
Income/(loss) before other revenues, expenses, gains or losses	(439)	925
Capital appropriations	7,496	10,850
Other revenues, expenses, gains and losses	(65)	(165)
Total other revenues, expenses, gains and losses	<u>7,431</u>	<u>10,685</u>
Net increase in net assets	6,992	11,611
Net assets at beginning of year	<u>62,215</u>	<u>50,604</u>
Net Assets at End of Year	<u><u>\$ 69,207</u></u>	<u><u>\$ 62,215</u></u>

ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Summary of Changes in Statement of Revenues, Expenses, and Changes in Net Assets

Net assets increased by \$7.0 million, or 11%, for 2005. An overall increase in operating revenues of \$2.5 million is due to increased tuition and fee revenue of \$1.7 million and an increase of \$0.9 million in auxiliary revenue. Operating expenses increased \$4.8 million mainly as a result of increased auxiliary expenses associated with campus store and dining facilities, higher fuel costs, and increases in staff salaries. Additionally, \$636 thousand in direct assistance provided by the Foundation to College departments have been included in operating expenses in 2005, in accordance with generally accepted accounting principles. Additional auxiliary expenses were offset by increased revenues from auxiliary operations. A long-delayed increase in staff salaries brought salaries into line with market conditions. This planned increase was implemented in anticipation of significant tuition increases to take effect in fall 2005. In fiscal 2006, the increase in tuition revenues is expected to erase the increase in operating loss which occurred this year.

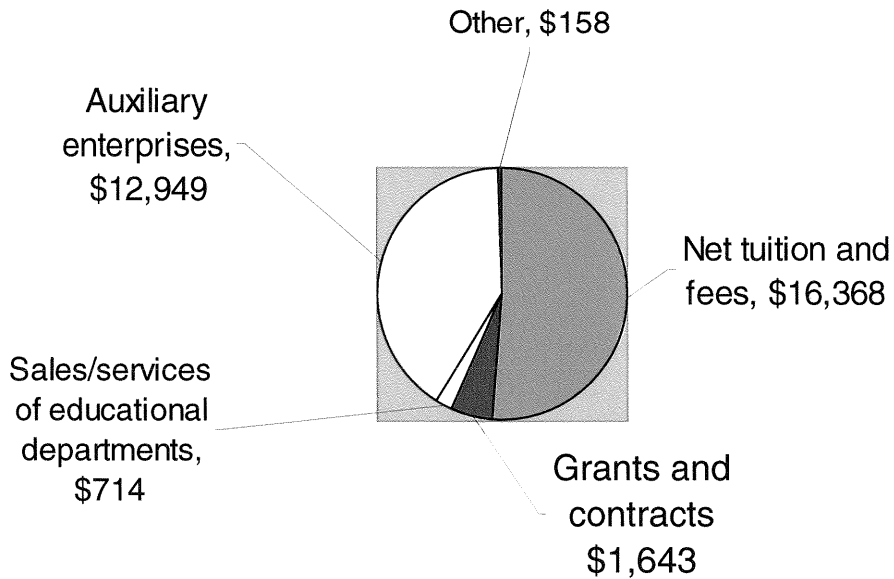
Non-operating revenues net of non-operating expenses increased about \$900 thousand from the previous year, reflecting the increase in the College's operating block grant from the State of Maryland, and the direct assistance provided by the Foundation. Capital appropriations decreased \$3.4 million, reflecting a short pause prior to the construction of a new academic building beginning in October 2005.

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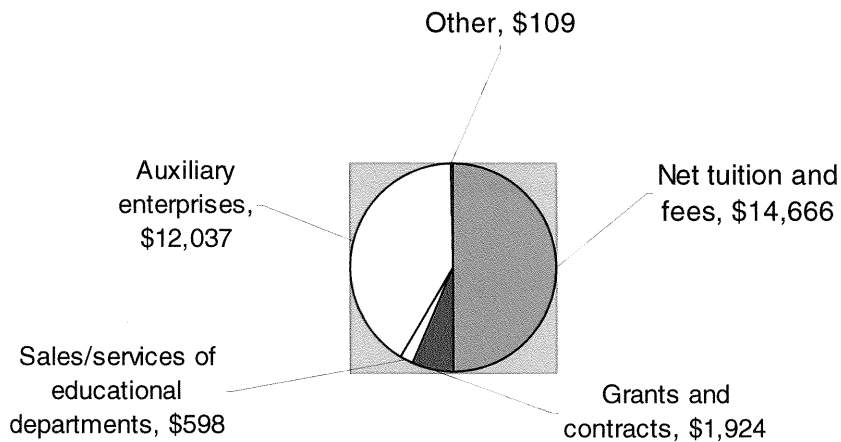
Operating Revenues

Total operating revenues for fiscal year 2005 were \$31.8 million. The graphs below show comparisons in operating revenue for fiscal years 2005 and 2004:

2005 Operating Revenues



2004 Operating Revenues



ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis

Tuition and Fees

Tuition and fees, less scholarships and waivers, of \$16.0 million accounted for 52% of total operating revenue and increased 11.6% from the prior year. Scholarships provided to students with College funds are often referred to as a tuition discount, or simply as discounting.

Grants and Contracts

This includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent a claim to resources has been established.

Auxiliary Enterprises

Auxiliary enterprises consist of various enterprise entities that exist primarily to furnish goods or services to students, faculty, staff, or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting. The College's largest auxiliary enterprises include residence halls, food services, and the campus store.

The operating expenses for auxiliary enterprises include depreciation and utilities.

Sales and Service of Educational Activities

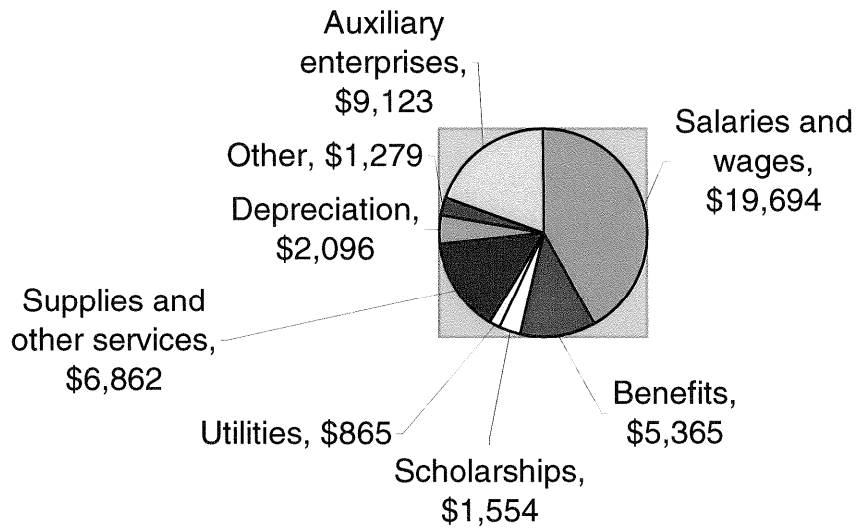
Other operating revenues consist of sales and services of educational activities totaling \$714 thousand. Some examples of educational activities include Johns Hopkins Center for Talented Youth and Professional Programs.

Operating Expenses

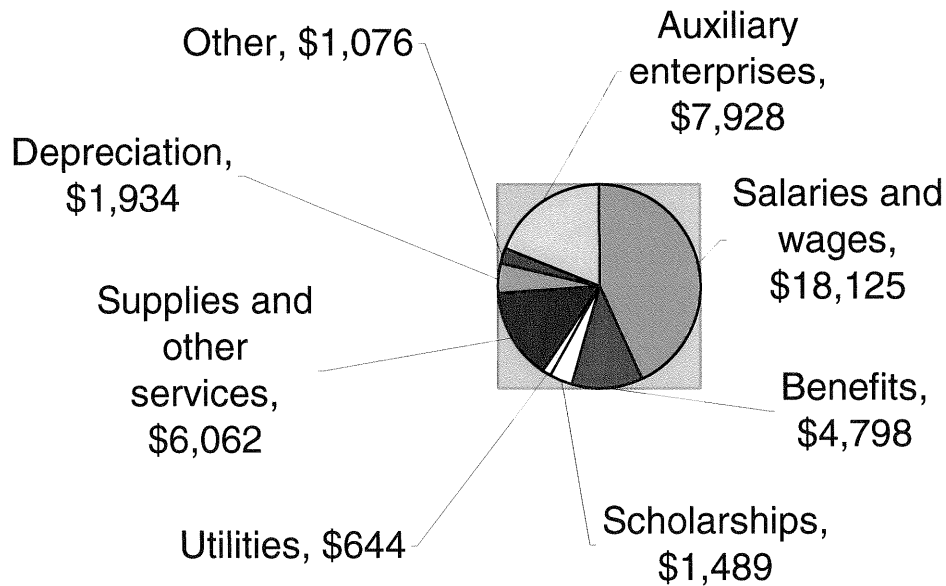
Operating expenses for 2005 totaled \$46.8 million. Of this total, \$14.7 million or 32% was for instruction. Operating expenses include salaries and benefits of \$25.1 million, scholarships and grants of \$1.5 million, utilities of \$865 thousand, supplies and other services of \$6.8 million and depreciation of \$2.1 million. Depreciation of capital goods is carried as an accounting item; however, it does not require any cash outlay on behalf of the College. Depreciation does indicate how much of the College's physical plant we are "consuming" each year.

ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

2005 Operating Expenses by Natural Classification

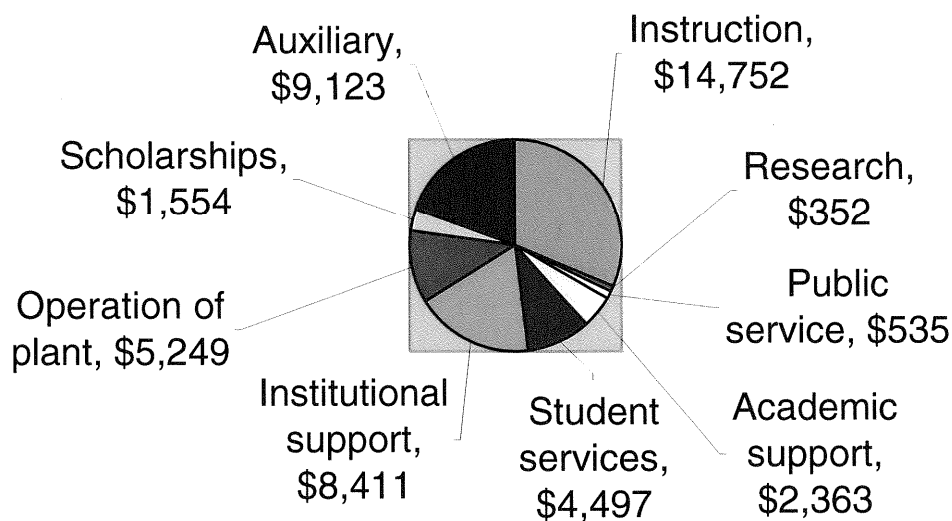


2004 Operating Expenses by Natural Classification

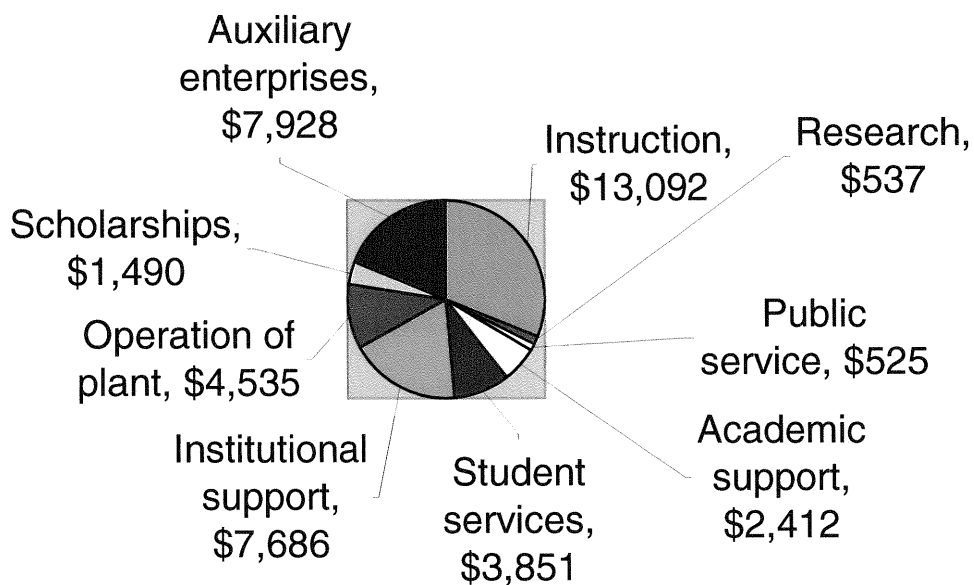


ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

2005 Operating Expenses by Functional Classification



2004 Operating Expenses by Functional Classification



ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis

State Appropriation

The largest inflow in the non-capital financing activities group is the State appropriation of \$14.0 million. The legislation governing the provision of State support to St. Mary's College of Maryland requires the Governor to submit an appropriation request to the legislature equal to the prior year's budgeted amount plus an amount equal to the implicit price deflator for state and local governments. In recent years, the implicit price deflator has provided an increase to the College's appropriation that has ranged between two and three percent. The State appropriation provides approximately 30% of the operating budget for the College. The State appropriation continues to drop steadily in its share of the College's budget. This drop requires the College to seek additional revenues from other sources, such as tuition and fees, auxiliary enterprises, grants, and gifts.

Investment Income, Net

Included in investment income are the earnings from pooled cash held at the State, funds functioning as endowment investments, other investments, and the unrealized gains and losses on those investments. The College added \$552 thousand to the funds functioning as endowment investments, also known as quasi-endowment, during June 2005. These funds will be used to support future capital construction needs.

Statement of Cash Flows

The final statement presented by St. Mary's College of Maryland is the Statement of Cash Flows. One important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The College's cash and cash equivalents provide the day-to-day resources to pay for a variety of expenses.

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section includes the cash activity resulting from state appropriations, grant activity, and other non-operating cash flows. The third section deals with the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities including the interest received from investing activities. The final section reconciles the net cash used in operations to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. Below is a condensed version of the first four sections of the cash flow statement.

ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Condensed Statement of Cash Flows-Direct Method (in thousands of dollars)

Cash and Cash Equivalents Provided/(Used) By	2005	2004
Operating activities	\$ (9,809)	\$(11,147)
Noncapital financing activities	15,130	15,026
Capital and related financing activities	(5,375)	(5,609)
Investing activities	<u>540</u>	<u>2,205</u>
Net increase in cash and cash equivalents	486	475
Cash and cash equivalents – beginning of year	<u>10,729</u>	<u>10,254</u>
Cash and Cash Equivalents – End of Year	<u><u>\$ 11,215</u></u>	<u><u>\$10,729</u></u>

Campus Enrollment

The College continues to benefit from strong enrollments as students are attracted to the honors college program. Enrollments continue to fill all of the available housing capacity and as such are projected to remain relatively steady going forward. The following table indicates the total historical on-campus enrollment of undergraduate and graduate students for the 1998-99 through 2004-05 academic years. Also indicated are full-time equivalent students attending the College.

**Full-time, Part-time, and FTE Enrollment:
Fall 1998 to Fall 2005**

Fall Semester	Full-Time		Part-Time			Full-Time Equivalent (FTE)
	N	(%)	N	(%)	Total	
2005	1,827	(92.5)	149	(7.5)	1,976	2,027
2004	1,805	(94.5)	105	(5.5)	1,910	1,995
2003	1,772	(93.9)	116	(6.1)	1,888	1,990
2002	1,648	(91.8)	148	(8.2)	1,796	1,836
2001	1,508	(90.2)	164	(9.8)	1,672	1,699
2000	1,382	(90.2)	150	(9.8)	1,532	1,556
1999	1,393	(87.8)	194	(12.2)	1,587	1,594
1998	1,492	(89.4)	177	(10.6)	1,669	1,690

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis

Full-time, Part-time, and FTE Enrollment -- Fall 1998 to Fall 2005 (Continued)

Although enrollment dropped from 1998 to 1999, it rebounded by 2001 and has continued to rise since then. The decline was a result of a variety of factors including a more aggressive marketing of honors programs at competing schools and the disruption on the campus from the renovation of the student center. The upward trend in enrollment can be linked to the completion of the campus center and athletics center renovations, and a more active marketing strategy as an honors college. The enrollment goal for fall semester 2005 remains 1,850 full-time students.

Capital Assets and Debt Administration

Capital additions totaled \$10.1 million in 2005. Capital additions primarily comprised parking lot improvements, completing construction of the new athletic and recreation center, and moving the location of the water tower. Current year capital additions were funded primarily with State capital appropriations of \$7.5 million and unrestricted net assets which were designated for capital purposes.

The College was able to refinance a series of auxiliary bonds, resulting in substantial reductions in future debt service payments. The total interest savings of the refinancing is \$1,208,349 for the period beginning June 30, 2005 and ending June 30, 2031. The College will save between \$42,000 and \$47,000 in debt service each year through 2031, or a 3.82% savings on the refunding bonds.

For additional information concerning capital assets and debt administration, see notes 9 through 11 in the notes to the financial statements.

Factors and Events Impacting Future Periods

The level of State support, compensation increases, student tuition and fee increases, and energy cost increases impact the College's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

The Maryland State appropriation contributes approximately \$14.0 million to general operations revenue. The level of State support is therefore one of the key factors influencing the College's financial condition. A crucial element to the College's future will continue to be our relationship with the State of Maryland, as we work to manage tuition to make it competitive while providing an outstanding honors college education for our students. There is a direct relationship between the growth of State support and the College's ability to control tuition growth, as declines in state appropriations generally result in increased tuition levels.

ST. MARY'S COLLEGE OF MARYLAND
Management's Discussion and Analysis

Factors and Events Impacting Future Periods (Continued)

Goodpaster Hall, the College's new academic building, is scheduled to open in 2007. Goodpaster Hall will serve as the home of the College's psychology, educational studies, and chemistry departments. As a state-funded project, the costs and overall responsibility for Goodpaster Hall remain with the State of Maryland's Department of General Services. The College's financial commitment toward facility construction totals \$819,000 with the State of Maryland providing approximately \$25 million. The College bears no additional financial risk as a result of this project; however, we will incur additional operating expenses when the building opens.

The need to continue to address priority needs and requirements for support for academic programs, facility renewal, new technology, and the operating impact of new construction projects is a significant challenge facing the College in the years to come.

The College's overall financial position continues to improve and remains strong. The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown internal and external issues.

Thomas J. Botzman, Ph.D.
Vice President for Business and Finance

ST. MARY'S COLLEGE OF MARYLAND
Statements of Net Assets

	June 30,	
	2005	2004
Assets		
Current assets:		
Cash	\$ 11,214,875	\$ 10,728,664
Accounts receivable (net of allowance for doubtful accounts)	850,452	1,203,357
Notes receivable	40,857	57,140
Inventories	391,163	397,387
Prepaid expenses	183,823	197,240
Other assets	881,321	869,351
Total current assets	<u>13,562,491</u>	<u>13,453,138</u>
Non-current assets:		
Endowment investments	4,408,765	4,295,046
Other restricted investments	1,355,448	1,438,626
Other investments	534,800	535,581
Notes receivable (net of allowance for doubtful notes)	409,828	418,914
Capital assets, net of accumulated depreciation	94,327,078	87,848,283
Total non-current assets	<u>101,035,919</u>	<u>94,536,451</u>
Total assets	<u>114,598,410</u>	<u>107,989,589</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	1,293,056	1,173,850
Salaries payable	1,339,212	1,185,121
Accrued interest	650,298	643,023
Accrued vacation, current portion	731,670	643,146
Accrued workers compensation, current portion	38,750	40,765
Bonds payable, current portion	1,120,000	830,000
Capital leases payable, current portion	-	40,274
Deferred revenue	965,351	833,819
Total current liabilities	<u>6,138,337</u>	<u>5,389,997</u>
Non-current liabilities:		
Bonds payable	38,222,318	39,295,000
Accrued vacation	411,565	471,509
Accrued workers compensation	211,250	222,235
Federal Perkins funds	407,510	395,736
Total non-current liabilities	<u>39,252,643</u>	<u>40,384,480</u>
Total liabilities	<u>45,390,980</u>	<u>45,774,477</u>
Net assets:		
Invested in capital assets, net of related debt	55,026,413	49,734,516
Restricted non-expendable:		
Scholarships and fellowships	1,000,117	1,000,117
Restricted expendable:		
Research	267,545	182,876
Loans	126,104	80,788
Scholarships and fellowships	19,894	19,894
Unrestricted	12,767,357	11,196,921
Total net assets	<u>\$ 69,207,430</u>	<u>\$ 62,215,112</u>

“See Accompanying Notes”

ST. MARY'S COLLEGE OF MARYLAND
Balance Sheets – Component Unit

	June 30,	
	2005	2004
Assets		
Cash	\$ 348,969	\$ 60,761
Investments	24,320,133	21,973,170
Receivables	108,250	176,962
Prepaid Expenses	9,665	875
Promises to Give, net	4,013,686	2,008,087
Property and Equipment, net	451,112	481,729
Art Collection (Note 1)	-	-
Total Assets	<u><u>\$ 29,251,815</u></u>	<u><u>\$ 24,701,584</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 224,324	\$ 195,888
Gift annuity	488,075	41,313
Deferred revenue	77,079	143,759
Total Liabilities	<u>789,478</u>	<u>380,960</u>
Net Assets		
Unrestricted	873,485	679,185
Temporarily restricted	9,952,802	8,564,057
Permanently restricted	17,636,050	15,077,382
	<u>28,462,337</u>	<u>24,320,624</u>
Total Liabilities and Net Assets	<u><u>\$ 29,251,815</u></u>	<u><u>\$ 24,701,584</u></u>

“See Accompanying Notes”

ST. MARY'S COLLEGE OF MARYLAND
Statements of Revenues, Expenses and Changes in Net Assets

	<u>June 30,</u>	
	<u>2005</u>	<u>2004</u>
Operating revenues:		
Tuition and fees, less scholarships and waivers of \$3,619,984 in 2005 and \$3,259,687 in 2004	\$ 16,368,461	\$ 14,666,295
Federal grants and contracts	1,353,452	1,663,230
State and local grants and contracts	169,734	200,010
Nongovernmental grants and contracts	119,350	61,130
Sales and services of educational departments	714,087	598,364
Residential facilities, net of waivers of \$62,765 in 2005 and \$62,170 in 2004	6,873,468	6,229,458
Dining services, net of waivers of \$23,960 in 2005 and \$23,380 in 2004	3,723,667	3,431,183
Bookstore	2,278,628	2,286,596
Other auxiliary enterprises revenues	72,795	89,929
Other operating revenues	158,282	109,205
Total operating revenues	<u>31,831,924</u>	<u>29,335,401</u>
Operating expenses:		
Salaries and wages	19,693,512	18,125,359
Benefits	5,364,623	4,798,156
Scholarships and grants	1,554,017	1,489,029
Utilities (excluding auxiliary enterprises)	864,677	644,132
Supplies and other services	6,861,899	6,061,517
Depreciation (excluding auxiliary enterprises)	2,096,031	1,934,374
Other	1,278,618	1,075,761
Auxiliary enterprises	9,122,800	7,928,014
Total operating expenses	<u>46,836,177</u>	<u>42,056,342</u>
Operating loss	<u>(15,004,253)</u>	<u>(12,720,941)</u>
Nonoperating revenues (expenses):		
State appropriations for operations	13,977,883	13,682,871
Gifts and grants	1,776,324	1,331,741
Investment gains and losses	287,927	478,528
Interest income	431,600	285,577
Interest on indebtedness	(1,908,269)	(2,132,261)
Net nonoperating revenues	<u>14,565,465</u>	<u>13,646,456</u>
Income (loss) before other revenues, expenses, gains and losses	<u>(438,788)</u>	<u>925,515</u>
Other revenues, expenses, gains and losses:		
Capital state appropriation	7,496,602	10,850,845
Other gains and losses	(65,496)	(165,638)
Total other revenues, expenses, gains and losses	<u>7,431,106</u>	<u>10,685,207</u>
Change in net assets	6,992,318	11,610,721
Net assets at beginning of year	62,215,112	50,604,391
Net assets at end of year	<u>\$ 69,207,430</u>	<u>\$ 62,215,112</u>

“See Accompanying Notes”

ST. MARY'S COLLEGE OF MARYLAND
Statements of Activities – Component Unit
Year Ended June 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions	\$ 800,107	\$ 1,164,347	\$ 2,540,810	\$ 4,505,264
Donated services	290,181	-	-	290,181
Event revenue	10,178	388,077	-	398,255
Sponsorship	18,000	230,000	-	248,000
Investment income	32,446	2,269,782	-	2,302,228
Other revenues	4,340	4,707	17,858	26,905
Net assets released from restrictions	2,668,168	(2,668,168)	-	-
Total support and revenue	3,823,420	1,388,745	2,558,668	7,770,833
Expenses				
Program Services				
Support To St. Mary's College Of Maryland				
Scholarships	825,295	-	-	825,295
Center for Democracy	178,589	-	-	178,589
Athletics	175,599	-	-	175,599
Academic Chair	154,490	-	-	154,490
Choir Fund	131,608	-	-	131,608
Library	93,410	-	-	93,410
President	78,435	-	-	78,435
Alumni activities	40,508	-	-	40,508
Art Alliance	40,155	-	-	40,155
Holocaust Summer Program	30,965	-	-	30,965
Artist House	19,116	-	-	19,116
Waterfront	16,893	-	-	16,893
Crew Team	13,539	-	-	13,539
Slackwater	10,480	-	-	10,480
Sailing	8,403	-	-	8,403
Research Assistance	7,000	-	-	7,000
College Department/Division Support	5,345	-	-	5,345
Lectureship Series	4,167	-	-	4,167
	1,833,997	-	-	1,833,997
Gift Annuities	447,909	-	-	447,909
River Concert Series	314,065	-	-	314,065
Governor's Cup	78,819	-	-	78,819
College Relations	53,914	-	-	53,914
Facility/Events	35,471	-	-	35,471
Family Weekend	17,130	-	-	17,130
Community Connection	8,480	-	-	8,480
Other programs	112,710	-	-	112,710
Total program services	2,902,495	-	-	2,902,495

“See Accompanying Notes”

ST. MARY'S COLLEGE OF MARYLAND
Statements of Activities – Component Unit (Continued)
Year Ended June 30, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Supporting Services				
Management and general	437,641	-	-	437,641
Fundraising	288,984	-	-	288,984
Total supporting services	<u>726,625</u>	<u>-</u>	<u>-</u>	<u>726,625</u>
Total expenses	<u>3,629,120</u>	<u>-</u>	<u>-</u>	<u>3,629,120</u>
 Change in net assets	 194,300	 1,388,745	 2,558,668	 4,141,713
 Net Assets				
Beginning	679,185	8,564,057	15,077,382	24,320,624
Ending	<u>\$ 873,485</u>	<u>\$ 9,952,802</u>	<u>\$ 17,636,050</u>	<u>\$ 28,462,337</u>

“See Accompanying Notes”

ST. MARY'S COLLEGE OF MARYLAND
Statement of Activities – Component Unit
Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Contributions	\$ 219,661	\$ 898,786	\$ 570,592	\$ 1,689,039
Donated services	262,151	-	-	262,151
Event revenue	91,963	245,283	-	337,246
Sponsorship	-	160,100	-	160,100
Investment income	23,287	2,242,104	-	2,265,391
Other revenues	55,499	243,257	-	298,756
Net assets released from restrictions	2,239,205	(2,449,504)	210,299	-
Total support and revenue	<u>2,891,766</u>	<u>1,340,026</u>	<u>780,891</u>	<u>5,012,683</u>
Expenses				
Program Services				
Support To St. Mary's College Of Maryland				
Scholarships	766,111	-	-	766,111
Waterfront	326,730	-	-	326,730
Athletics	163,521	-	-	163,521
Center for Democracy	157,198	-	-	157,198
Choir Fund	116,856	-	-	116,856
Washington DC Program	103,000	-	-	103,000
Library	87,892	-	-	87,892
Academic Chair	81,123	-	-	81,123
Art Alliance	40,041	-	-	40,041
Alumni activities	21,607	-	-	21,607
Crew Team	19,579	-	-	19,579
Sailing	13,429	-	-	13,429
Lectureship Series	9,745	-	-	9,745
Holocaust	2,782	-	-	2,782
Other support	120,092	-	-	120,092
	<u>2,029,706</u>	<u>-</u>	<u>-</u>	<u>2,029,706</u>
River Concert Series	275,406	-	-	275,406
Anne Marie Gardens	85,963	-	-	85,963
Governor's Cup	64,222	-	-	64,222
Family Weekend	10,613	-	-	10,613
Other programs	89,321	-	-	89,321
Total program services	<u>2,555,231</u>	<u>-</u>	<u>-</u>	<u>2,555,231</u>

“See Accompanying Notes”

ST. MARY'S COLLEGE OF MARYLAND
Statement of Activities – Component Unit (Continued)
Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Supporting Services				
Management and general	438,550	-	-	438,550
Fundraising	294,875	-	-	294,875
Total supporting services	<u>733,425</u>	<u>-</u>	<u>-</u>	<u>733,425</u>
Total expenses	<u>3,288,656</u>	<u>-</u>	<u>-</u>	<u>3,288,656</u>
 Change in net assets	 (396,890)	 1,340,026	 780,891	 1,724,027
 Net Assets				
Beginning	1,076,075	7,224,031	14,296,491	22,596,597
Ending	<u>\$ 679,185</u>	<u>\$ 8,564,057</u>	<u>\$ 15,077,382</u>	<u>\$ 24,320,624</u>

“See Accompanying Notes”

ST. MARY'S COLLEGE OF MARYLAND
Statements of Cash Flows

	Years Ended June 30	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees (net of all scholarships and grants)	\$ 14,889,741	\$ 13,991,687
Grants and contracts	2,051,736	1,226,074
Salaries and benefits	(24,888,650)	(24,878,485)
Payments to vendors	(8,448,581)	(7,238,612)
Loans issued to students	(16,000)	(207,760)
Collections of student loans	77,963	96,892
Sales-Auxiliary enterprises	13,090,227	12,074,115
Expenses-Auxiliary enterprises	(7,406,200)	(6,848,945)
Other receipts (payments)	840,431	637,715
Net cash used in operating activities	<u>(9,809,333)</u>	<u>(11,147,319)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	13,977,883	13,682,871
Noncapital gifts and grants	1,152,268	1,343,515
Net cash provided by noncapital financing activities	<u>15,130,151</u>	<u>15,026,386</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(2,580,329)	(3,077,134)
Principal paid on long term debt	(871,277)	(371,888)
Interest paid on long term debt	(1,923,144)	(2,159,800)
Net cash used in capital and related financing activities	<u>(5,374,750)</u>	<u>(5,608,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	174,208	1,906,161
Interest on investments	365,935	298,276
Purchase of investments	-	-
Net cash provided by investing activities	<u>540,143</u>	<u>2,204,437</u>
Net increase in cash	486,211	474,682
Cash - beginning of year	10,728,664	10,253,982
Cash - end of year	<u><u>\$ 11,214,875</u></u>	<u><u>\$ 10,728,664</u></u>

“See Accompanying Notes”