The University of Maryland College Park Foundation, Inc.

Financial Statements
June 30, 2008 and 2007

The University of Maryland College Park Foundation, Inc.
Index
June 30, 2008 and 2007

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Trustees of the
University of Maryland College Park Foundation, Inc.

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the University of Maryland College Park Foundation, Inc. ("the Foundation") at June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

October 29, 2008

The University of Maryland College Park Foundation, Inc.
Statements of Financial Position
June 30, 2008 and 2007

	2008	2007
Assets		
Current assets		
Cash and cash equivalents	$ 9,421,017	$ 3,837,175
Accounts receivable	36,226	72,453
Accrued interest receivable	247,650	128,938
Contributions receivable, current portion	23,991,766	34,641,806
Short-term investments	241,398	28,431,658
Other assets	112,858	637,642
Total current assets	34,050,915	67,749,672
Investments		
Endowment	221,484,844	210,441,644
Operating	42,996,077	17,470,368
Funds held for others	2,522,568	2,513,269
Assets held under split-interest agreements	5,016,753	4,835,562
Total investments	272,020,242	235,260,843
Other assets		
Contributions receivable, long-term portion	50,806,678	42,301,014
Other receivables-long term	838,947	211,000
Total other assets	51,645,625	42,512,014
Total assets	$ 357,716,782	$ 345,522,529
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 1,332,269	$ 4,533,885
Deferred income	1,384,681	1,091,642
Total current liabilities	2,716,950	5,625,527
Other liabilities		
Funds held for others	2,522,568	2,513,269
Annuities payable	2,985,877	2,571,194
Total other liabilities	5,508,445	5,084,463
Total liabilities	8,225,395	10,709,990
Net assets		
Unrestricted	6,057,197	5,509,726
Temporarily restricted	158,833,129	162,452,455
Permanently restricted	184,601,061	166,850,358
Total net assets	349,491,387	334,812,539
Total liabilities and net assets	$ 357,716,782	$ 345,522,529

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

The University of Maryland College Park Foundation, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Transfers from USMF	$ -	$ 7,838	$ 25,450	$ 33,288
Contributions	5,000	47,851,452	17,640,545	65,496,997
Investment income	1,934,483	2,208,687	-	4,143,170
Endowment management and investment fees	3,186,711	(3,696,078)	-	(509,367)
Other program income	99,937	-	-	99,937
Sales and services	205,286	-	-	205,286
Other income	398,596	-	-	398,596
Courses and conferences	43,103	-	-	43,103
Realized and unrealized gains (losses) on investments, net	274	(3,556,931)	-	(3,556,657)
Change in valuation of split-interest agreements	(20,561)	(190,211)	(199,852)	(410,624)
Net assets released from restrictions	46,223,611	(46,223,611)	-	-
Total revenues	52,076,440	(3,598,854)	17,466,143	65,943,729
Expenses				
Program	49,821,706	-	-	49,821,706
General and administrative	805,655	-	-	805,655
Fundraising	637,520	-	-	637,520
Total expenses	51,264,881	-	-	51,264,881
Change in net assets before change in donor designation	811,559	(3,598,854)	17,466,143	14,678,848
Change in donor designation	(264,088)	(20,472)	284,560	-
Change in net assets	547,471	(3,619,326)	17,750,703	14,678,848
Net assets at beginning of year	5,509,726	162,452,455	166,850,358	334,812,539
Net assets at end of period	$ 6,057,197	$ 158,833,129	$ 184,601,061	$ 349,491,387

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

The University of Maryland College Park Foundation, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Transfers from USMF	$ -	$ 329,104	$ 266,523	$ 595,627
Contributions	-	38,888,750	13,647,377	52,536,127
Investment income	2,125,144	2,852,616	-	4,977,760
Endowment management and investment fees	2,726,580	(3,150,644)	-	(424,064)
Other program income	82,509	-	-	82,509
Sales and services	186,577	-	-	186,577
Other income	440,995	-	-	440,995
Courses and conferences	39,709	-	-	39,709
Realized and unrealized gains (losses) on investments, net	1,634,677	33,962,707	-	35,597,384
Change in valuation of split-interest agreements	12,642	(361,145)	53,782	(294,721)
Net assets released from restrictions	38,333,728	(38,333,728)	-	-
Total revenues	45,582,561	34,187,660	13,967,682	93,737,903
Expenses				
Program	40,714,433	-	-	40,714,433
General and administrative	701,736	-	-	701,736
Fundraising	568,407	-	-	568,407
Total expenses	41,984,576	-	-	41,984,576
Change in net assets before change in donor designation	3,597,985	34,187,660	13,967,682	51,753,327
Change in donor designation	(75,000)	(27,381)	102,381	-
Change in net assets	3,522,985	34,160,279	14,070,063	51,753,327
Net assets at beginning of year	1,986,741	128,292,176	152,780,295	283,059,212
Net assets at end of period	$ 5,509,726	$ 162,452,455	$ 166,850,358	$ 334,812,539

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

The University of Maryland College Park Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Change in net assets	$ 14,678,848	$ 51,753,327
Adjustment to reconcile change in net assets to cash and cash equivalents provided by operating activities		
Net realized and unrealized losses/(gains)on investments	3,556,657	(35,597,384)
Change in valuation of split-interest agreements	410,624	294,721
Decrease in accounts receivable	36,227	36,227
(Increase) decrease in accrued interest receivable	(118,712)	9,983
Decrease (increase) in contributions receivable	2,144,376	(7,616,672)
Decrease (increase) in other assets	524,784	(537,031)
(Increase) decrease in other receivables-long term	(627,947)	4,000
(Decrease) increase in accounts payable and accrued expenses	(3,201,616)	3,598,122
Increase (decrease) in deferred income	293,039	(128,684)
Increase in funds held for others	9,299	447,527
Contributions restricted for long-term investment	(21,846,832)	(10,062,953)
Total adjustments	(18,820,101)	(49,552,144)
Net cash and cash equivalents provided by operating activities	(4,141,253)	2,201,183
Cash flows from investing activities		
Purchases of investments	(140,628,166)	(65,901,840)
Sales of investments	128,091,746	49,982,858
Net cash and cash equivalents used in investing activities	(12,536,420)	(15,918,982)
Cash flows from financing activities		
Increase in annuities payable	414,683	465,590
Contributions restricted for long-term investment	21,846,832	10,062,953
Net cash and cash equivalents provided by financing activities	22,261,515	10,528,543
Net increase (decrease) in cash and cash equivalents	5,583,842	(3,189,256)
Cash and cash equivalents		
Beginning of year	3,837,175	7,026,431
End of year	$ 9,421,017	$ 3,837,175

1. Nature of Operations

The University of Maryland College Park Foundation, Inc. (the "Foundation"), a separately incorporated, independent foundation, manages funds received for the benefit of the University of Maryland College Park ("UMCP"). During fiscal year 1999, the Maryland State Legislature passed legislation allowing each University System of Maryland institution to establish its own separate, affiliated foundation. In the fiscal year 2000, the Foundation was incorporated. The Foundation is organized to receive, manage, and invest private gifts and/or property for the benefit of UMCP or its related programs and supporting activities. Prior to the incorporation of the Foundation, gifts for the benefit of UMCP were received and managed by the University System of Maryland Foundation ("USMF").

Certain Foundation donors that have contributed to USMF and have pledges currently outstanding have been contacted to request that their donated funds and pledges be transferred to the Foundation. In the periods ended June 30, 2008 and 2007, $33,288 and $595,627, respectively, in endowment and quasi-endowment assets were transferred from USMF to the Foundation. Transfers are valued at market value as of the date of transfer. Approximately $89.8 million and $92.7 million of USMF's endowment assets and $12.9 million and $13.0 million of USMF's quasi-endowment assets were designated for the benefit of UMCP as of June 30, 2008 and 2007, respectively.

The amount of any future transfers of endowment assets or pledges currently included in the assets of USMF into the Foundation is not determinable.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and short-term investments with maturities at dates of purchase of three months or less are classified as cash equivalents, except that any such investments purchased with funds on deposit, with funds held in trusts or by external endowment investment managers are classified with the investments. 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 market value.

Investments

USMF serves as custodian and investment manager of approximately 87% of the Foundation's investments. The remaining investments are in four separately managed investment pools and some donated bonds and stocks. Approximately $29.6 million, or 11%, is directly invested by management in four investment pools – Morgan Stanley Real Estate Trust, Vanguard Asset Allocation Fund, the Commonfund Multi-Strategy Equity Fund, and an internal capital preservation fund that consists primarily of U.S. government agency securities and other highly liquid investments. The assets in these funds consisted of donations and earnings on those donations of one principal donor, at June 30, 2008. The Other investments of trusts and annuities are now being managed internally, and are directly invested distinct brokerage accounts at T. Rowe Price.

Investment securities are valued based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities or other reasonable valuation methodologies.

In general, equity securities listed on national securities exchanges are valued 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. Over the counter securities are valued at the mean between the latest bid and asking prices as furnished by dealers who make markets in such securities. Financial instruments such as corporate bonds or other similar instruments are valued at fair value after consideration of market quotations obtained from published sources, independent pricing services and/or other market participants. To the extent that market quotations are not available or are deemed by the investment manager to be unreliable, fair value is estimated by the investment manager under the general oversight of the Board of Trustees 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. Total return swap contracts are valued at fair value based upon the quoted market or fair value of the underlying assets.

Investments in limited partnerships are presented at fair value as determined by the general partner under the general oversight of the Board of Trustees. The general partner generally values their investments at fair value. Securities with no readily available market are initially valued at cost, with subsequent adjustment to values which reflect either the basis of meaningful third party transactions in the private market or the fair value deemed appropriate by the general partners. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment partnership can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant. Such value represents the Foundation's proportionate share of the partner's capital in the investment partnership as reported by the general partner. Accordingly, the value of the investment in the partnership is generally increased by additional contributions and the partnership's share of net earnings from the partnership investments and decreased by distributions from the partnerships and the partner's share of net losses.

The Foundation invests in funds of funds. In these cases the valuation for investment within each fund within the fund of funds is determined as noted above. The fund of funds then obtains its share of the valuation from the underlying partnerships and reports the valuation to each partner based on the partner's net equity.

Hedged global and U.S. equities take long and short positions in primarily US publicly traded equity securities in an effort to achieve attractive returns with moderate risk. Private equity investments represent purchases of all or a portion of the equity interest in a company and the arrangement allows the purchasing group to take control. Absolute return strategies consist of a core equity portfolio complemented with index call and put options designed to help manage portfolio risk.

The value assigned to the investment portfolios where there is no public market value is determined by the investment manager in good faith under the general oversight of the Board of Trustees and does not necessarily represent the amount that may ultimately be realized. Because of the inherent uncertainty of valuation of these investments, the estimates of fair value may differ from the values that would have been used had a ready market existed, and the differences could be material.

The Foundation invests in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies and/or defaults, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates and credit downgrades.

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

The change in net unrealized gains or losses on investment securities is reflected in the statement of activities. All gains and losses arising from the sale, collection, or other disposition of investments are accounted for on a specific identification basis calculated as of the trade date.

For endowment assets, which are all held in a pool, investment gains or losses are distributed quarterly among the individual endowment funds on the basis of the number of units of the pool held by each individual endowment account. If the donor document requires that the unspent earnings be added back to corpus, then losses below the cost basis of endowment assets shall first reduce permanently restricted net assets to the extent of accumulated unspent earnings, then temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the assets have not been met before the loss occurs with any remaining loss reducing unrestricted net assets.

Investment income reflected in the statement of activities is recorded net of transfers between unrestricted, temporarily restricted, and permanently restricted revenues. For the period ended June 30, 2008, no fee income was transferred to meet donor requirements.

The fair market value of certain donor-restricted endowments was less than the historical cost value of such funds by $182,000 at June 30, 2008, and $0 at June 30, 2007. The unrealized loss has been recorded as a reduction in unrestricted net assets. Future market gains will be used to restore this deficiency in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets.

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 with the provision that any amounts remaining after the distributions be transferred and reinvested back into the investment after a specified period of time. The Board of Trustees has authorized a spendable income policy, which is tied to formula. The spending rate is calculated using the following method: (a) computing the December 31 average per unit market value, using the previous twenty quarters, multiplied by 5%, then by the inverse of unit value, weighted at 30%, (b) calculating an adjusted spending rate using the prior year's percentage increased by the Consumer Price Index (CPI), weighted at 70%, and (c) addition the weighted percentages from (a) and (b), subject to restrictions by donor or by law. Once calculated, the rate should be no more than 5% or less than 4% of the moving average market value. The spending rate is applied to the market value at December 31 to determine spendable income. The computed rate was 4.45% and 4.58% for fiscal years 2008 and 2007, respectively.

Classification of Net Assets

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

Unrestricted net assets - Unrestricted net assets generally result from revenues derived from providing services, less expenses incurred in providing services, receiving unrestricted contributions, raising contributions, and performing administrative functions.

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

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

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

Funds Held for Others

Funds held for others consist of funds held by the Foundation on behalf of other institutions. These funds are commingled and managed in the endowment pool of the Foundation. The Foundation assesses these other foundations an annual management fee based on the fair value of endowment funds administered (0.3%).

Funds held for others at June 30, 2008 and 2007 were as follows (at fair value):

	2008	2007
M-Club	$ 2,522,568	$ 2,513,269
	$ 2,522,568	$ 2,513,269

Classification of Gifts

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires - that is, when a stipulated time restriction ends or purpose restriction is accomplished in subsequent reporting periods - temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions for which donors have stipulated restrictions, but for which were not within the same reporting period, are reported as unrestricted support.

Unconditional promises to give with payments due in future periods are reported as temporarily or permanently restricted support. Amounts outstanding are recorded at the net realizable value and are discounted based on the period of future payment.

Split-interest Agreements

The Foundation also receives contributions in the form of charitable gift annuities and charitable remainder unitrusts, for which the Foundation acts as trustee and holds the assets. When the trust's obligations to all beneficiaries expire, the remaining assets will revert to the Foundation to be used according to the donor's wishes.

The Foundation recognizes the estimated fair value of these agreements as contributions receivable and revenue from those trusts where the Foundation is not the trustee. Where the Foundation is trustee, the estimated fair value is recognized as an asset and as contributions revenue. The fair value is based on the present value of estimated future distributions to be paid over the expected term of the trust agreements. The Foundation recognizes a liability for the portion of the split-interest agreement to be paid to the beneficiary under the terms of the agreement.

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

The Foundation recognizes a liability for the portion of the proceeds under the split-interest agreements to be paid to beneficiaries under the terms of the agreements. The estimated fair market value of the liability from these split-interest agreements amounted to $2,985,877 and $2,571,194 for the years ended June 30, 2008 and 2007, respectively.

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 – 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.

Investments - endowment – Professional investment fees are deducted by the investment manager prior to the distribution of income. In addition, the Foundation annually assesses each endowment account for management and investment fees 1.9 % based on assets managed.

Investment Agreement with USMF

The Foundation has signed an investment management agreement with USMF, whereby funds held by the Foundation will be invested according to the policies set by USMF's Finance Committee of its Board of Trustees. USMF is the custodian of the Foundation assets under this agreement. This agreement also allows the Foundation to invest its assets in USMF investment pools. The Foundation pays USMF an investment fee of 0.3% on the net market value of endowments as of June 30th of the previous fiscal year (included in the 1.9% administrative assessment) for these services.

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.

Estimates

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

The contributions receivable balance is based on management's best estimate of the amounts expected to be collected and the prior year's experience. The amounts the Foundation will ultimately realize could differ in the near term from the amounts assumed in arriving at the present value and allowance for doubtful accounts. The rates utilized in arriving at the values used to discount pledges for future payments were derived from the two year and five year Federal Reserve treasury constant maturity rates at the date of the gift. Contributions that are expected to be received within two to five years are discounted at the two year treasury constant maturity rate. Contributions expected to be received more than five years from the pledge date are discounted at the five year treasury constant maturity rate.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, however the FASB has delayed the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for nonfinancial assets and nonfinancial liabilities, except those items recognized or disclosed at fair value on an annual or more frequently occurring basis. The Foundation is currently evaluating the impact of adopting SFAS No. 157 on its financial statements.

On February 15, 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115" ("SFAS No. 159"). This statement permits companies to choose to measure many financial assets and liabilities and certain other items at fair value. A company will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option may be applied on an instrument-by-instrument basis, with several exceptions, such as those investments accounted for by the equity method, and once elected, the option is irrevocable unless a new election date occurs. The fair value option can be applied only to entire instruments and not to portions thereof. SFAS No. 159 is effective as of the beginning of a company's first fiscal year beginning after November 15, 2007. The Foundation is currently evaluating the impact of adopting SFAS No. 159 on its financial statements.

3. Investments

The market value of the investments at June 30 was:

	2008	2007
Operating fund		
Money market funds and short-term investments	$ 6,651,129	$ 2,291,477
Fixed income	17,465,875	4,915,866
Private equity	484,351	466,208
Real estate	1,169,291	315,677
Absolute return	16,149,096	4,988,995
Hedged global and U.S. equities	459,889	3,987,937
Global equities	616,446	504,206
	$ 42,996,077	$ 17,470,366
Other investments (trusts and annuities)		
Money market funds and short-term investments	$ 617,166	$ 552,613
Fixed income	788,140	667,470
U.S. equities	1,862,919	2,076,409
International equity	836,675	804,930
Real estate	602,602	500,836
Commodity index fund	309,251	233,304
	$ 5,016,753	$ 4,835,562

	2008	2007
Endowment fund and funds held for others		
Money market funds and short-term investments	$ 13,959,228	$ 17,995,825
Fixed income	10,947,426	6,075,781
Private equity	19,258,378	16,790,106
Real estate	51,823,968	23,331,605
Absolute return	75,418,768	34,966,230
Hedged global and U.S. equities	27,689,929	95,182,390
Global equities	24,909,715	18,612,976
	$ 224,007,412	$ 212,954,913

The total cost of the endowment investment portfolio as of June 30, 2008 and 2007 was $172,688,509 and $154,369,356, respectively.

4. Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to a concentration of credit risk principally consist of cash and cash equivalents and investments. The Trust Division of two financial institutions as well as three institutional investment companies hold these assets as custodian. The total deposits at this institution exceed the amount guaranteed by federal agencies and, therefore, bear some risk since they are not collateralized. However, as held by the Trust Divisions, they are not attachable by the creditors of the financial institution. UMCPF and USMF perform periodic evaluations of these institutions for relative credit standing. Total amounts held at these institutions approximated $281 million and $268 million as of June 30, 2008 and 2007, respectively.

5. Contributions Receivable

Promised contributions are due as follows as of June 30:

	2008	2007
Due within one year	$ 24,883,762	$ 35,882,924
Due within 2-5 years	50,707,368	38,985,541
More than five years*	7,126,974	10,625,544
	82,718,104	85,494,009
Less: allowance for doubtful accounts	(2,928,995)	(2,917,491)
Less: discount to present value	(4,990,665)	(5,633,698)
Total contributions receivable, net	$ 74,798,444	$ 76,942,820

* Includes trusts held by third parties valued at $859,245 and $971,723 at June 30, 2008 and 2007, respectively.

The discount rate used to calculate the present value component at June 30, 2008 and 2007 ranged from 1.23% to 6.48% for those contributions due in zero to five years and ranged from 2.27% to 6.30% for contributions due in more than five years. This rate is based on the yield at year-end of the appropriate United States Treasury note in the year of the contribution.

6. Conditional Promises to Give and Intentions (Unaudited)

Contributors have informed the Foundation of intentions to give of approximately $13.0 million and $12.4 million during the fiscal years ended June 30, 2008 and 2007, respectively. These relate primarily to bequest and revocable trusts, which can be changed and/or amended at the contributor's discretion. Therefore, they are appropriately not recorded in the accompanying financial statements.

7. Restricted Net Asset Activity

Temporarily Restricted Net Assets
Temporarily restricted net assets were available for the following purposes at June 30:

	2008	2007
Academic programs	$ 63,932,662	$ 61,733,005
Scholarship/fellowship	36,710,039	40,079,019
Facility and advancement	27,177,920	28,252,779
University advancement	20,592,485	22,925,236
Research	5,011,583	5,384,015
Athletics	3,577,657	2,169,471
Student support	1,830,783	1,908,930
Total	$ 158,833,129	$ 162,452,455

There was no transfer from permanently restricted net assets to temporarily restricted net assets during the periods ended June 30, 2008 and 2007.

Permanently Restricted Net Assets
Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for the following purposes at June 30:

	2008	2007
Academic programs	$ 110,610,790	$ 105,614,539
Scholarship/fellowship	55,735,456	44,981,438
University advancement	13,832,274	11,894,364
Facility and advancement	2,418,792	2,303,591
Student support	1,066,892	1,097,444
Research	929,248	951,384
Athletics	7,609	7,598
Total	$ 184,601,061	$ 166,850,358

During the periods ended June 30, 2008 and 2007, some donors changed the designation on their gifts, transferring the amounts from temporarily restricted net assets to permanently restricted net assets. The transfer from temporarily restricted net assets to permanently restricted net assets totalled $284,560 and $102,381 in the years ended 2008 and 2007, respectively.

Net Assets Released from Restriction

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 donor. Purpose restrictions were accomplished as follows for the periods ended June 30:

	2008	2007
Scholarship/fellowship	$ 16,452,857	$ 15,749,869
Academic programs	9,743,221	9,610,917
Facility advancement	10,040,684	8,482,318
University advancement	5,794,265	2,204,094
Athletics	1,888,437	679,231
Research	1,631,089	1,402,124
Student support	673,058	205,175
Total	$ 46,223,611	$ 38,333,728

8. Related Party Transactions

Various members of the Foundation may also be members of the Board of Trustees of the investment manager, the University System of Maryland Foundation.

The Foundation has no employees. The University tracks and administers all payroll and fringe benefit costs for its employees who substantially support the Foundation. These costs include pension plan costs, but the amount of expense specifically attributable to the University's pension plan for the Foundation employees has not been determined. The Foundation reimburses the University for the costs on an annual basis, estimating the salary costs of individuals devoting effort to the Foundation, and applying a 22% fringe rate in addition to the salary costs.

Additionally, 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 $2,969,591 and $1,572,221 for the years ended June 30, 2008 and 2007, respectively.

9. Income Taxes

The Foundation is organized and operated exclusively for charitable and educational purposes within the meaning of the provisions of Section 501(c) (3) of the Internal Revenue Code. Since the Foundation had no material unrelated business income for the periods ended June 30, 2008 and 2007, no provision for income taxes has been made.

10. Charitable Gift Annuity Requirements

As required by the State of Maryland, the Foundation internally restricted cash and investments in excess of annuity liabilities of approximately $2,031,000 and $2,264,000 as of June 30, 2008 and 2007, respectively.

11. Commitments and Contingent Liabilities

During the course of its operations, the Foundation may be exposed to various forms of litigation, claims and assessments. As of June 30, 2008, management was not aware of any such matters that could have a material effect on the Foundation's financial position, change in net assets, or cash flows.

12. Financial Guarantee

On August 22, 2003 USMF entered into a Guaranty Agreement, pursuant to which it guaranteed the full and prompt payment and performance of the first $3 million of The University of Maryland Alumni Association's (UMAA) obligations to the Maryland Economic Development Corporation for its building program, the Samuel Riggs IV Alumni Center. The guaranty is to be reduced by the amount that the outstanding bond principal is reduced. In fiscal year 2008, the third principal payment of $402,500 was remitted. This reduced the guaranty amount to $1,792,500. In a separate agreement, the Foundation indemnified USMF's liability over $1.5 million. For the fiscal years 2008 and 2007, the Foundation indemnified USMF's liability for $292,500 and $1,500,000 respectively. Management has evaluated the fair value of this guarantee and does not believe it has a material effect to the Foundation's financial position.