MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Annual Activities Report & Audited Annual Financials Fiscal Year Ending: June 30, 2021

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AT A GLANCE

$6.5B Bonds Issued	**322** Projects Since 1984	**36** Local, State, and Federal Agency Partners	**48** Buildings Built, Redeveloped, or Improved
180 Conduit Financing Transactions	**42** Industrial Parks Developed	**8,846** Student Housing Facility Beds	**5** Incubators and Innovation Centers

**Data inclusive of all projects from 1984 to June 30, 2021*

BOARD OF DIRECTORS AND OFFICERS

Scott Dorsey, ***Chairman***
Chairman and CEO, Merritt Properties, LLC.
Baltimore County

Richard Woo, ***Vice Chairman***
Senior Vice President, Sandy Spring Bank
Montgomery County

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Co-Owner, Earth's Enrichments
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Garrett County

Barry Glassman
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Broker, Shasho Consulting, P.A.
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Partner, Chesapeake Real Estate Group
Anne Arundel County

The Honorable Gregory Slater *(Ex-Officio)*
Secretary, MD Department of Transportation

The Honorable Kelly Schulz *(Ex-Officio)*
Secretary, MD Department of Commerce

***Robert Brennan**
Executive Director and Secretary

**As of August 16, 2021, J. Thomas Sadowski has replaced Robert Brennan as MEDCO's Executive Director and Secretary*

LEGISLATION

The Maryland Economic Development Corporation ("MEDCO") operates under the provisions of Title 10, Subtitle 1 of the Economic Development Article of the Annotated Code of Maryland.

MEDCO's legislative purposes are to relieve unemployment in the State; encourage the increase of business activity and commerce and a balanced economy in the State; help retain and attract business activity and commerce in the State; promote economic development; and promote the health, safety, right of gainful employment, and welfare of residents of the State.

The General Assembly intends that MEDCO operate and exercise its corporate powers in all areas of the State to assist governmental units and State and local economic development agencies to contribute to the expansion, modernization, and retention of existing enterprises in the State, as well as attraction of new business to the State; cooperate with workforce investment boards, private industry councils, representatives of labor, and governmental units in maximizing new economic opportunities for residents of the State; and accomplish at least one of its legislative purposes and complement existing State marketing and financial assistance programs by owning projects, leasing projects to other persons, or lending the proceeds of bonds to other persons to finance the cost of acquiring or improving projects.

CORPORATE OVERVIEW

MEDCO is staffed with eleven full-time employees. A significant portion of MEDCO's ongoing project management responsibilities include reviewing and providing management oversight to projects. MEDCO monitors its projects' compliance with the provisions of financing documents to ensure that participants' current financial statements are available, required compliance benchmarks are achieved, and appropriate insurance requirements are met. MEDCO also collects and periodically reviews financials for MEDCO-owned projects.

MEDCO structures its bond financings on a non-recourse basis. Repayment of MEDCO issued bonds is limited to the revenues and resources of the applicable project; neither MEDCO nor the State of Maryland or any of its agencies is responsible for the repayment of MEDCO issued bonds.

Additional information including MEDCO's projects, annual audited financials, project highlights, Board Members, and Board Meeting Schedule can be found at www.medco-corp.com.

MEDCO Year in Perspective, 2021

The past year has proven to be a challenging yet pivotal year for MEDCO. Like most companies, MEDCO faced significant challenges due to the COVID-19 pandemic, particularly in regard to MEDCO's student housing projects. In March 2020 at the beginning of the pandemic, the University System of Maryland ("USM") closed all its campuses and campus services, including student housing, for in-person services. At request of USM, MEDCO closed its student housing projects located at USM campuses and refunded just under $16 million to students for their remaining leases. In the summer of 2020, USM announced that campuses would be open for the fall semester, but many classes would still be online at most of its schools. During the 2020-2021 academic year, universities adapted and pivoted towards a hybrid learning structure. Due to depleted funds from refunding students in the spring and its debt obligations to bondholders, MEDCO was unable to unilaterally release students from their leases. Despite its limitations, MEDCO worked with universities to provide relief, and in December 2020, MEDCO reached interagency agreements with Towson University ("TU") and University of Maryland, College Park ("UMCP") to provide further relief to students for FY 2021. As a further measure, MEDCO did not charge late fees, pursue collections, or evict students during FY 2021. MEDCO continues to work with TU and UMCP to provide students and families relief, including refunds to graduated seniors who were not satisfied with the original relief/assistance.

In addition to the time committed to addressing student housing related needs, MEDCO continued to manage a variety of projects across Maryland during the pandemic. As the economy begins to rebound from the effects of COVID-19 related restrictions and closures, MEDCO staff continues to support, manage, and help plan numerous economic development projects and initiatives on behalf of communities, non-profits and public/private-sector partners throughout Maryland.

Steady leadership at MEDCO has contributed to its success over the years. After seventeen years of dedicated service, MEDCO's Executive Director, Robert "Bob" Brennan retired, effective August 2, 2021. This 2021 Annual Report reflects MEDCO's activities and efforts during Bob's last year at the helm of MEDCO.

Following a long and competitive search process, J. Thomas "Tom" Sadowski was chosen as MEDCO's fourth Executive Director. Tom comes to MEDCO with over thirty years' experience in economic development, most recently serving 5 years as vice chancellor for economic development at the USM, a major player in the success of Maryland's economy. In his new role as Executive Director, Tom is dedicated to furthering MEDCO's important mission to help advance Maryland's economic development interests and facilitate economic growth that benefits citizens and communities across Maryland. Tom is very active in the community, serving as the chair of the board for Junior Achievement of Central Maryland, on the Board of Visitors for the University of Maryland Technology Institute, and on the boards of the Baltimore Metropolitan Council, Cyber Association of Maryland, Maryland Information Security Institute, Maryland Marketing Partnership, Maryland Technology Council, UMBC Training Centers, and the University of Maryland Medical System/Upper Chesapeake Health Foundation.

BOND FINANCED PROJECTS IN FY 2021

MEDCO's bond financed projects encourage business activities, retain businesses, relieve unemployment, promote the welfare of State residents, and generally promote economic development in the State. For the fiscal year ending June 30, 2021, MEDCO provided bond financing for the following projects.

Morgan State University Series 2020

$80,825,000

Maryland Economic Development Corporation Senior Student Housing Revenue Bonds (Morgan State University Project) Series 2020

- Interest Rate: 4.00% - 5.00%
- Longest Maturity: July 1, 2056

On December 10, 2020, MEDCO issued its non-recourse, tax-exempt bonds (the "Series 2020 Bonds") to finance the development by MEDCO of a student housing facility located on the campus of Morgan State University (the "University") in Baltimore City, Maryland upon request by the University. The portion of the land on which the student-housing facility will be located upon completion is ground leased to MEDCO by the University pursuant to an Amended and Restated Air Rights and Ground Lease and Agreement dated as of December 1, 2020 (the "Ground Lease").

Proceeds of the Series 2020 Bonds are being used to finance (i) the costs of construction, furnishing, refurbishing, and equipping a student housing facility containing approximately 670 beds (the "2020 Project"), (ii) a deposit to the debt service reserve fund, (iii) interest expected to accrue through February 1, 2023, and (iv) costs of issuance and other transaction costs of the Series 2020 Bonds. The 2020 Project will be located in a multi-purpose building, which will also house a new student dining facility and will be collectively referred to as the Thurgood Marshall Project. The costs of the student dining facility are not being financed with the proceeds of the Series 2020 Bonds.

The University requested that MEDCO assist with the construction and own and operate the 2020 Project. Onsite management of the 2020 Project will be performed by ACC SC Management LLC pursuant to an Amended and Restated Management Agreement dated as of December 1, 2020.

Port Covington Series 2020

$137,485,000

Maryland Economic Development Corporation Special Obligation Bonds (Port Covington Project) Series 2020

- Interest Rate: 3.25% - 4.00%
- Longest Maturity: September 1, 2050

On December 30, 2020, MEDCO issued its non-recourse, tax-exempt bonds (the "Port Covington Bonds") to (i) finance the acquisition, development and construction of certain public and other infrastructure improvements to be located within the Port Covington Development District and the Port Covington Special Tax District in Baltimore City, Maryland (the "Districts"); (ii) fund a deposit to the Series 2020 Reserve Fund; (iii) fund a deposit to the Series 2020 Capitalized Interest Account; (iv) pay certain administrative costs; and (v) pay costs of issuance. The Port Covington Bonds are tax increment financing bonds and will be paid by incremental increases in real property tax receipts collected by Baltimore City on property located within the Port Covington Development District and, if necessary, by special tax receipts assessed and collected by Baltimore City on property within the Port Covington Special Tax District.

A portion of the proceeds of the Port Covington Bonds is being used to finance a portion of the costs of certain public and infrastructure improvements located within the Districts, including the design and construction of approximately seven acres of new roads, sidewalks, street/tree landscaping, traffic signals, streetlights, bulkhead, stormwater management facilities, utilities and miscellaneous site furnishings and other related improvements in the Districts.

The Mayor and City Council of Baltimore (the "City") and MEDCO entered into a Contribution Agreement dated June 17, 2020, as supplemented by the First Supplement to Contribution Agreement dated December 15, 2020, under which the City (i) pledged the Tax Increment Revenues in the Tax Increment Fund to secure the payment of debt service on the Port Covington Bonds, Administrative Expenses and replenishment of any deficiency in the 2020 Reserve Fund and (ii) agreed that if Tax Increment Revenues are insufficient to pay the Bonds, the Administrative Expenses and replenish any deficiency in the 2020 Reserve Fund, the City will levy and collect Special Tax Revenues within the Special Tax District.

Maryland Public Health Laboratory Project Series 2021
$123,437,000

Maryland Economic Development Corporation Lease Revenue Refunding Bond (Maryland Public Health Laboratory Project) Series 2021

- Interest Rate: 1.19%
- Longest Maturity: June 1, 2031

On April 30, 2021, MEDCO issued its non-recourse tax-exempt bonds (the "Series 2021 Bonds") to refund the Maryland Economic Development Lease Revenue Bonds (Maryland Public Health Laboratory Project) Series 2011 (the "Series 2011 Bonds") in accordance with the Forward Bond Purchase Agreement dated May 5, 2020, between MEDCO and DNT Asset Trust. The refinancing of the Series 2011 Bonds will provide significant cost savings due to a significant decrease in the interest rate.

Proceeds of the Series 2021 Bond were used to: (i) fund an escrow to defease the Series 2011 Bonds on April 30, 2021, and redeem the Series 2011 Bonds on June 1, 2021, and (ii) pay costs of issuance and other costs of the transaction.

The proceeds of the Series 2011 Bonds were used to finance the costs of acquiring certain real property located in Baltimore City, Maryland, and the development rights relating thereto, the construction of an approximately 235,000 square foot public health laboratory, the costs of certain equipment, a capitalized interest account; and to pay for costs of issuing the Bonds. The property is located in an East Baltimore development area adjacent to The Johns Hopkins Hospital and the facility is owned by MEDCO, leased to the Department of Health, and operated as the State Public Health Lab.

SSA Baltimore Project, Series 2021

$265,985,000

Maryland Economic Development Corporation Federal Lease Revenue Bonds (SSA Baltimore Project) Federally Taxable Series 2021

- Interest Rate: 3.997%
- Longest Maturity: April 1, 2034

On June 29, 2021, MEDCO issued its non-recourse, federally taxable lease revenue bonds and loaned the proceeds of the Bonds to the SSA Baltimore Holdings, LLC ("Borrower") for the purpose of (a) financing and refinancing the acquisition of 100% of the membership interests in the Borrower by NLCA GSA Baltimore, LLC; (b) funding of any required reserves for the Bonds; and (c) paying the costs of issuance of the Bonds, and related costs. The Borrower owns the 538,000 square foot, Level IV security office building located at 6100 Wabash Avenue in the City of Baltimore, Maryland (the "Facility") and the land on which it is situated.

The Borrower has leased the Facility to the United States of America (the “Government”) pursuant to the United States Government Lease for Real Property GS-03B-09482 dated October 14, 2010, as amended and modified (the “GSA Lease”) as executed by the Government for the General Services Administration, Public Buildings Service, for use by the Social Security Administration. The Borrower's sole source of funds to make payments to MEDCO is expected to be lease payments made by the Government to the Borrower under the GSA Lease. The Borrower has also granted MEDCO a security interest in and to its fee simple interest in the Land and its interest in the Facility pursuant to a Deed of Trust, Security Agreement and Fixture Filing and has assigned MEDCO its rights under the GSA Lease pursuant to an Assignment of Leases and Rents and an Assignment of Claims.

STUDENT HOUSING PROJECTS

MEDCO provides assistance to Maryland's higher education entities through bond financing and ownership of student housing projects, enabling Maryland's higher education entities to attract and house students without adversely affecting their State-mandated debt capacities.

MEDCO assumes project ownership of student housing projects by way of ground leases that terminate contemporaneously with the repayment of the MEDCO-issued bonds used to finance the project. Upon repayment of the bonds, ownership reverts to the ground lessor.

The following are the outstanding balances as of June 30, 2021, of the MEDCO bonds that financed student housing projects:

Projects that revert to the University System of Maryland upon repayment :

- **Bowie State University (Christa McAuliffe Residential Center),** *Prince George's County* – $12,700,000 – 460 beds
- **Bowie State University (Entrepreneurship Living Learning Center)**, *Prince George's County* – $44,915,000 – 557 beds
- **Frostburg State University,** *Allegany County* – $11,225,000 – 406 beds
- **Salisbury University,** *Wicomico County* – $17,505,000 – 890 beds
- **Towson University,** *Baltimore County* – $36,045,000 – 1,088 beds
- **University of Maryland, *Baltimore,*** *Baltimore City* – $23,175,000 – 337 beds
- **University of Maryland, Baltimore County,** *Baltimore County* – $15,875,000 – 578 beds
- **University of Maryland, College Park,** *Prince George's County* – $113,840,000 – 2,899 beds

Projects that revert to Capitol Technology University Foundation upon repayment:

- **Capitol Technology University**, *Prince George's County* – $12,751,625– 222 beds

Projects that revert to Morgan State University upon repayment:

- **Morgan State University (Morgan View),** *Baltimore City* – $24,470,000 – 794 beds
  - *Morgan State University (Thurgood Marshall Hall), Baltimore City – $80,825,000 – 670 beds (under construction, anticipated to open in 2022)

Projects that revert to Sheppard Pratt Health Systems upon repayment:

- **University Village at Sheppard Pratt,** *Baltimore County* – $16,190,000 – 615 beds

PORTFOLIO PROJECT UPDATES

MEDCO assists governmental units and state and local economic development agencies by providing coordination of capital improvements and operational management support.

National Cybersecurity Center of Excellence ("NCCOE")

The NCCoE, a program dedicated to furthering innovation through the rapid identification, integration, and adoption of practical cybersecurity solutions, was established in 2012 through a partnership and Memorandum of Understanding between the National Institute of Standards and Technologies ("NIST"), the Maryland Department of Commerce ("Commerce"), and Montgomery County's Department of Economic Development ("Montgomery County"). In 2013, Commerce and Montgomery County requested MEDCO's assistance to redevelop a 57,000 square foot Shady Grove biology and information technology facility, located at 9700 Great Seneca Highway, Rockville, MD to accommodate an off-campus facility for NCCoE and its auxiliary cybersecurity incubator efforts. To complete the project, MEDCO worked with Montgomery County to amend certain agreements for the facility, engaged an architecture firm to create a redevelopment plan, secured redevelopment funding through MEDCO, and oversaw the facility's redevelopment. In December 2015 MEDCO completed the approximately $11,000,000 renovation.

The NCCoE is part of the NIST Information Technology Laboratory and operates in close collaboration with NIST's Computer Security Division. The NCCoE integrates commercially available technologies to build practical cybersecurity solutions that can be rapidly applied to real challenges businesses face each day. The off-campus facility is used to attract private companies to collaborate on advanced, innovative solutions for the private sector's cybersecurity needs.

In early 2021, MEDCO and Montgomery County finalized the transfer of land and property (including the facility) from MEDCO to Montgomery County by way of terminating an existing Ground Lease and assigning the facility to Montgomery County. MEDCO transferred its interest in the existing license agreement by and between MEDCO and NIST to Montgomery County as part of the transfer of land and property ownership. For the benefit of Montgomery County and NCCoE, MEDCO continues to manage the facility and coordinate capital improvements and repairs with NIST through a management agreement with Montgomery County.

Since the completion of the renovations, MEDCO, in coordination with NIST, has continued to support the facility by providing ongoing operational management services and capital improvements, including:

- Major upgrade to one of the data rooms, nearly doubling the facility's data storage and computing capabilities (2017)
- Upgrades to the building's exterior lighting and parking lot (2018)
- Landscaping improvements (2020 – 2021)
- Reevaluated and signed new HVAC and fire suppression vendor (2021)

Maryland State Archives

In 2014, MEDCO issued its non-recourse, tax-exempt revenue bonds in the amount of $9,200,000 and used the bond proceeds, along with $2,300,000 of MEDCO funds, to acquire approximately 5.9 acres of land in Baltimore County located at 2255 Rolling Run Drive, Woodlawn, Maryland 21244, which contained an approximately 134,240 square foot building previously used by the Social Security Administration as a record retention facility. The facility is leased to the Maryland State Archives ("MSA"), which uses the Project with specialty storage units, State records, artistic property, and data management devices. Through the Project, MSA has been able to consolidate its operations from three separate leased facilities into one site, while benefitting from the building's environmental control to protect its stored records.

MEDCO owns the Project and entered into an Intergovernmental Lease Agreement with MSA for an initial fifteen-year term with the option to renew for up to two additional ten-year terms. MSA makes monthly payments to MEDCO, as required by the Lease, which repay the outstanding debt service and MEDCO's contribution. In addition to Lease Payments, MSA pays operating expenses associated with the Project.

MEDCO continues to make renovations to the Project to improve and accommodate MSA's archival storage, restoration, and preservation efforts, including:

- Complete overhaul of the HVAC system, including roof top cooling units (2017)
- New roofing system (2017)
- Addition of a back-up generator (2017)
- Reconfiguration and refinishing two stories of office space (2017)
- Installation of specialty signage (2017)
- Painted exterior envelope of the building (2017)
- Upgraded interior lighting system to more energy efficient LEDs (2018)
- Reevaluated and signed new HVAC and fire suppression vendor (2020)
- Updated the facilities Server and Firewall protection through CAS Severn (2021)

Maryland State Health Lab, Department of Health Building

In 2011 MEDCO issued its non-recourse, tax-exempt revenue bonds in the amount of $170,910,000 and used the bond proceeds to acquire a parcel in Baltimore City formerly known as 1746 Ashland Avenue, and to build an approximately 235,000 square-foot, state-of-the-art public health laboratory for the State of Maryland's Department of Health. As stated above, the Series 2021 bonds were issued on April 30, 2021 to refund the 2011 Bonds to achieve debt service savings. The project enabled the Department of Health to expand its services, move labs from outdated facilities, and provide infrastructure resiliencies and redundancies necessary to maintain

Center for Disease Control credentials. The project is used by the Department of Health for various health-related activities and other critical lab testing essential for ensuring the general public's health.

MEDCO owns the project and entered into a Lease Agreement with the Department of Health for an initial twenty-year term with the option to renew for three subsequent, but immediately consecutive additional ten-year periods. The Department of Health makes monthly lease payments to MEDCO, which pay for operating expenses for the building, as well as an annual debt service payment for the MEDCO-issued bonds.

MEDCO continues to accommodate the Department of Health's ongoing operations by holding and coordinating various contracts for the building, including:

- Facilities management contract with a third-party vendor
- Security and building automation system contracts with a third-party vendor
- Telecommunications and internet service contracts
- Window warranty replacement efforts

University of Maryland, College Park Energy Project

In 2001 MEDCO issued bonds for the University of Maryland, College Park Energy Project to construct, acquire, improve, and operate certain heating, cooling, electric distribution, and electric generating facilities on the campus of the University of Maryland, College Park ("UMCP") as part of a program to provide steam, electricity, and chilled water services throughout campus. The 2001 Bonds were refunded in 2011 through the issuance of additional bonds ("2011 Bonds"). The UMCP Energy Project is primarily comprised of a central utility plant with two steam boilers and four satellite central utility buildings throughout the UMCP campus. Throughout the life of the Bonds, MEDCO retained ownership of the project pursuant to a Ground Lease with the University System of Maryland ("USM"), in addition to operating and funding improvements to the utility infrastructure program.

The 2011 Bonds were paid off in July 2019 and ownership reverted to USM. However, MEDCO continues to manage the project pursuant to an Interim Management, Operation, and Maintenance Agreement between MEDCO and College Park Energy, LLC, as well as an Interim Energy System Services Agreement. MEDCO's current role at the project is to oversee annual audited financials, managing the operator's contract to manage and operate the plant, and working as a liaison between UMCP and College Park Energy, LLC.

OTHER FINANCED PROJECTS

Maryland Center for Construction Education and Innovation

In September 2016, MEDCO extended a one-time bridge loan to the Maryland Center for Construction Education and Innovation ("MCCEI"), an industry-led workforce intermediary established to create a world-class education system for Maryland's construction industry. The bridge loan, not exceeding $200,000, bears interest at 4% on the outstanding loan amount. MCCEI utilizes the funding to support its operational goals of ensuring Maryland's education system meets construction industry demand; raising awareness of career opportunities in construction; creating a new paradigm for construction professionals at all education levels; and creating a network for Maryland's fragmented construction industry to include training, education, and other resources for career seekers, training providers, the industry, and governmental leaders. As of June 30, 2021, the MCCEI loan had an outstanding principal balance of $100,000.

Firefly Farms

On August 20, 2019, MEDCO purchased 1,000 shares of preferred stock at the value of $100.00 per share from FireFly Farms, Inc ("Firefly Farms"), a Maryland corporation. Firefly Farms, located in Garrett County, Maryland, produces handmade goat cheese without the use of additives, preservatives, or stabilizers. Firefly Farms sources all its goat milk from family farms within 30-miles of the creamery. With equity investment, Firefly Farms will finance the cost of product development, working capital, and acquisition or leasing of capital improvements with growth and expansion plans to add additional retail locations and employees in the near future. As of June 30, 2021, MEDCO had $75,000.00 invested in preferred stock with FireFly Farms.

DEVELOPMENT, CONSULTANCIES, STUDIES, and REPORTS

Magnetic Levitation ("MAGLEV") Train Project

The Maryland Department of Transportation ("MDOT") requested MEDCO's assistance in its application for Federal Railway Administration grant funding in a study to develop a "super conducting" MAGLEV train between Washington DC and Baltimore. MEDCO also entered into an Economic Development Cooperative Agreement with the Baltimore-Washington Rapid Rail, LLC, a private firm, which in cooperation with the Japanese Central Railroad, is proposing to construct the system and provide the 20% non-federal match funds to perform the environmental and engineering study. MEDCO aids MDOT in administering and managing federal and private grant funds to complete the study.

Prince George's Stadium Public Impact Study

The Maryland National Capital Park and Planning Commission ("MNCPPC") requested MEDCO's assistance in the procurement and oversight of a study to determine the public impact of the Prince George's Stadium. The study commenced in late 2020 and the report/findings are awaiting final draft revisions and comments before report finalization. Previously, MEDCO assisted MNCPPC with a feasibility and sustainability study for the Prince George's County Stadium, the preliminary findings of which were released in 2018.

Maryland Department of Transportation Purple Line Financial Transaction Advisor Contract

The Maryland Department of Transportation ("MDOT"), on behalf of the Maryland Transit Administration, has requested MEDCO's assistance in providing financial, consulting, and related services to MDOT in support of the Purple Line. The Purple Line is a 16.2-mile light rail transit line extending from Bethesda to New Carrollton that will provide residents with transportation options and create economic development opportunities. A financial transaction advisor has been selected and has been working on a revised project finance plan.

Maryland Department of Transportation Traffic Relief Plan

The Maryland of Transportation, on behalf of the Maryland State Highway Administration and the Maryland Transportation Authority, has requested MEDCO's assistance in the facilitating the development of a Traffic Relief Plan ("TRP") to (i) relieve traffic congestion in the National Capital Region, (ii) accommodate Homeland Security by providing additional capacity to, among other things, assist in population evacuation, (iii) improve movement of goods and services, and (iv) improve multi-modal connectivity with existing and new transit facilities. An advisor for financial, transaction, and marketing services has been selected, and has been working to help identify the best structure and delivery of the TRP project. The project has received approval from the Board of Public Works for delivery as a Public Private Partnership and the advisor has released a request for qualifications and identified a short list of teams to receive a draft request for proposal. The financial transaction advisor is preparing a Private Activity Bonds application for submittal to the U.S. Department of Transportation.

DEPARTMENT OF COMMERCE

MEDCO partners with the Department of Commerce ("Commerce") by utilizing Commerce's One Maryland Tax Credit and Advantage Maryland ("MEDAAF") to develop flex buildings and business parks.

Barton Farms Business Park, Allegany County

Developed by MEDCO and located south of Cumberland on US Route 220, the project initially included land acquisition, permitting, utility installation, and site preparation. Throughout the project's lifespan, MEDCO has sold parts of the property: in 2004, American Woodmark Corporation purchased approximately 40 acres; in 2015, Allegany County purchased approximately 27.5 acres of land and constructed a flex building to attract businesses to the project.

MEDCO, Allegany County, and Commerce continue to market the remaining property to technology-based businesses looking to relocate to the Western Maryland region.

Pocomoke Flex Building, Worchester County

Constructed by MEDCO in 2002, the Pocomoke Flex Building is a 43,000 square foot industrial shell building that provides marketable flex space in Worchester County. In 2006, Mid-Atlantic Institute for Space and Technology ("MIST") master leased the entire building. In 2007, MIST and MEDCO were awarded a $200,000 EDA grant. The award provided for interior improvements to expand existing workspace. In February 2012, MIST relinquished its master lease of the facility. In June 2015, MEDCO master leased the entire facility to Hardwire, LLC for a ten-year term. Hardwire, LLC, a leading manufacturer of protective armor used by the military and other consumers, utilizes the building to expand its manufacturing capabilities and workspace, and has an option to purchase the building at the end of the lease term.

Patuxent Business Park, Calvert County

In 2000, with Commerce financing, MEDCO purchased approximately 92 acres of land to develop a business park in Calvert County, Maryland. The park was designed for Class A office and flex space. In 2005, MEDCO secured additional Commerce funding for the ongoing costs of engineering, design, permitting, and infrastructure. In 2016, Dominion Cove Point LNG purchased Lot 6 of the park and constructed an approximately 20,000 square foot office and warehouse building, and a helicopter pad, furthering Dominion's liquid natural gas initiatives in Calvert County.

In 2019, Dominion purchased Lot 5 with the intent of developing that site for additional office and warehouse space. In 2020, Lot 11 sold to a developer to develop a flex building on the site and attract businesses to Calvert County. In 2021, the commercial broker brought Lots 7, 8 and 12 under contract, with the potential for full sale after due diligence investigations by buyers have concluded. MEDCO and the commercial broker continue to work with Calvert County in marketing the remaining lots to interested buyers.

McHenry-Garrett County Flex Building, Garrett County

At the request of the Garrett County Commissioners, in 2019, MEDCO applied for and received $2,000,000 in MEDAAF funds to cover the cost of site improvements and building construction costs for a 20,000 square foot flexible use facility within the McHenry Business Park, located in Garrett County, MD. The facility was completed in 2020 and is marketed to new and expanding businesses in the Garrett County region. MEDCO works with Garrett County and the Maryland Department of Commerce to market the remaining portions of the facility. In December 2020, at the request of Garrett County, MEDCO agreed to utilize the facility as a drive thru COVID testing site. In 2021, MEDCO continues to coordinate with Garrett County and Commerce to attract and market the facility to prospective lessees and buyers.

ACTIVE FINANCED PROJECTS

Since its inception in 1984, MEDCO has provided bond financing for hundreds of projects. Below is a list of MEDCO's active financed projects as of June 30, 2021:

MEDCO Owned Bond Financed Projects

- Laboratory for Telecommunications Science Facility Series 2003
- Chesapeake Resort and Conference Center Series 2006
- Maryland Department of Transportation Headquarters Series 2010
- Morgan State University Series 2012
- Salisbury University Series 2012
- Sheppard University Series 2012
- Towson University Series 2012
- Maryland Aviation Administration Series 2012
- Salisbury University Series 2013
- Frostburg State University Series 2013
- Maryland State Archives Series 2014
- Bowie State University Series 2015
- University of Maryland, Baltimore Series 2015
- University of Maryland, College Park Series 2016
- University of Maryland, Baltimore County Series 2016
- Metro Centre at Owings Mills Series 2017
- Towson University Series 2017
- Capitol Technology University Series 2017
- Baltimore City Garages Series 2018
- University of Maryland, College Park Child Care Facility Project, Series 2019
- Bowie State University Series 2020
- Morgan State University Series 2020
- Maryland Public Health Laboratory Series 2021

Conduit Bond Financed Projects

- Maryland Soccer Foundation Series 2000
- Phenix (Redrock, LLC) Technologies, Inc. Series 2002
- Blind Industries and Services of Maryland Series 2003
- Maryland Science Center Series 2003
- Prologue Series 2005
- Catholic Relief Services, Inc. Series 2006
- Constellation Energy Group Series 2006
- Lutheran World Relief Series 2007
- Howard Hughes Medical Institute Series 2008
- Linemark Printing Series 2008
- Crossroads Partnership, LLC Series 2009
- CNX Marine Terminal Series 2010
- Gold Crust Baking Series 2010
- Emerge Series 2010
- Cornell Associates Series 2010
- Providence Center Series 2010
- The Arc of Prince George's County Series 2010
- United States Pharmacopeial Convention Series 2012
- Your Public Radio Corporation Series 2012
- American Urological Association Series 2012

- Universities Space Research Association Series 2012
- Arundel Lodge Series 2013
- Washington Research Library Consortium Series 2013
- Chesapeake Bay Foundation Series 2013
- Hospice of the Chesapeake Series 2014
- Allegany College Series 2014
- 929 N. Wolfe Street Series 2014
- Lyon Bakery Series 2014
- Compass, Inc. Series 2015
- Purple Line Light Rail Series 2016
- Easter Seals Series 2016
- Annie E. Casey Foundation, Inc. Series 2017
- AFCO BWI II, LLC Series 2017
- PRG Towson Place Properties, LLC Series 2017
- Young Men's Christian Association of Maryland, Inc. Series 2017
- Seagirt Marine Terminal Series 2017
- Arc of Baltimore Series 2018
- Seagirt Marine Terminal Series 2019
- Potomac Electric Power Company Series 2019
- AFCO Airport Real Estate Group Series 2019
- The Children's Guild Obligated Group Series 2019
- National Park Service Project Series 2020
- University of Maryland, College Park Office Condominium Project Series 2020
- Port Covington Series 2020
- Social Security Administration Series 2021

Loan and Grant Financed Project

- Barton Business Park
- Pocomoke Flex Building
- Patuxent Business Park
- Maryland Center for Construction Education and Innovation, Inc.

MINORITY BUSINESS ENTERPRISE ("MBE") PARTICIPATION

MEDCO promotes economic development in the State by purchasing supplies and services from entities that operate within the State. While most of MEDCO's projects are privately funded, MEDCO complies with applicable minority business enterprise requirements for projects that involve governmental funding sources. In addition to working with MBE businesses, MEDCO works with various businesses that are part of the Women's Business Enterprise ("WBE"), Disadvantaged Business Enterprise ("DBE"), and Small Business Enterprise ("SBE") programs.

During the fiscal year ending June 30, 2021, MEDCO purchased goods and services pertaining to operation, administration, and procurement from the following MBE, WBE, SBE, and DBE businesses:

The Canton Group *(MBE, SBE, & DBE)*
$13,143.75
Database restructuring and monthly servicing.

NFD Inc. *(WBE)*
$897.11
Professional services relating to MEDCO's Move.

Curry Printing and Copy Center *(WBE)* *$2,060*
Printing and business cards.

Hoffberger Moving Services *(WBE)*
$34,696.00
Professional services related to MEDCO's move.

Crossroads Consulting Services, LLC *(WBE)*
$54,660
Professional feasibility study services.

During the fiscal year ending June 30, 2021, MEDCO's development projects purchased goods and services pertaining to development, design, operation, administration, and procurement from MBE, WBE, SBE, and DBE businesses, pursuant to requirements set forth in the projects' bond documents. These projects include:

National Parks Service Project

During construction of the Williamsport National Park Service Headquarters Project, MEDCO purchased goods and services from the following MBEs in the following amounts: Advanced Building Performance, $24,140; Accessible Construction Supply, $18,435; and Building Consultants, $745.

University of Maryland, Baltimore, Community Engagement Center

In July 2020, MEDCO substantially completed the $9.2 million historic renovation and rehabilitation of the three-story building located at 16 South Poppleton Street, Baltimore City, Maryland for the end use of the University of Maryland, Baltimore as a new community engagement center (the "CEC Project"). The CEC Project met its 35% MBE/WBE construction participation in the amount of $2.4 million and coordinated with Project Jump Start to employ several local hires during the nine-month construction schedule.

Bowie State University Entrepreneurial Living and Learning Center

Construction on the Entrepreneurial Living and Learning Center at Bowie State University began in February 2020 and was completed in summer 2021. The project met its 25% MBE/WBE inclusion goal for construction in the amount of approximately $10.75 Million.

Morgan State University, Thurgood Marshall Hall

Construction of Thurgood Marshall Hall, a 600-bed student housing project and dining center located at Morgan State University, began in November 2020, and is projected to be complete in time for the fall 2022 semester. Construction of the project is on target to reach its 30% project inclusion goal, an amount expected to be approximately $28.8 Million.

Other MBE Participation:

MEDCO staff attend MBE networking and procurement events where minority businesses promote their products and services. MEDCO utilizes the Governors' Office of Minority Affairs and other directories to learn about upcoming MBE events. MEDCO staff was scheduled to attend the Maryland Washington Minority Companies Association's 18th Annual 2021 Spring Breakfast Meeting and Business Showcase Expo; however, the event was cancelled due to COVID-19.

MBE Memberships:

- Member Maryland Washington Minority Companies Association since 2012
- Member Maryland Minority Contractors Association since 2012

Project Classification Report 2021

MEDCO's loan classification policy, adopted in 2013, characterizes projects as "Performing", "Watch", or "Non-Performing." The following projects, where MEDCO was either the issuer or owner, were classified as either Non-Performing or Watch during Fiscal Year 2021 (and as updated after June 30, 2021, as indicated below):

Chesapeake Resort and Conference Center

Status: Non-Performing

The Chesapeake Bay Conference Center ("CBCC") began suffering losses during the 2008 economic downturn. The project was formerly classified as "Watch" in 2010, when the project failed to achieve the required minimum required Debt Service Coverage Ratio of 1.25. However, the project was reclassified as "Non-Performing" in 2014 after the June Debt Service payment was only partially made.

The results and operations for the Fiscal Year ending June 30, 2021, were significantly impacted by COVID-19. Almost all large group business cancelled and, as of this report, the large group segment has not recovered as anticipated. Though a vaccine for the COVID-19 virus is available for all individuals over the age of twelve (12), meeting planners remain reluctant to conduct meetings for large groups. However, CBCC's transient business has been very robust, and business has, at times, been at record levels. Even with strong transient demand, revenues remain well below the levels necessary for operations to make full debt service payments. All the project's operating expenses are being paid, and a partial interest payment of $1,800,000 was made on June 1, 2021.

MEDCO continues working with the Project's investors to assure there is sufficient cash to sustain the operations. In June 2021, the investors entered into a new Amended and Restated Forbearance Agreement to continue to fund operations through December 2021. Six-month forbearance agreements have been extended in the past and MEDCO believes the investors will extend again in December through the end of the 2022 fiscal year.

CBCC was not eligible for any CARES Act or Paycheck Protection Program funding. The Project did receive some modest federal funding through Hyatt Corporation. It also obtained funding from the State of Maryland from its program to support the hospitality sector.

Currently, the main operational issue the Project faces is due to inadequate staffing. The entire hospitality sector has seen many of its staff leave for permanent jobs in other sectors that provide more reasonable working hours and more competitive pay and benefits. The resort has been experiencing this departure, particularly with staff who supported large group business, as the project has been unable to provide staff the hours to create meaningful employment. Management does not anticipate these individuals reentering or returning to the hospitality sector.

While MEDCO projected improved performance for Fiscal Year 2022, the Project's performance will remain significantly below the level of revenues necessary to fully fund all its debt obligations. The debt is held by the institutional investors who, as reported above, have continued to provide support to the operations, which MEDCO expects to continue. MEDCO expects all the operational expenses to paid in accordance with the terms of the forbearance agreement.

929 North Wolfe Street, LLC Project Series 2014 A, Series 2014 B-1 (Tax-Exempt), Series 2014 B-2 (Taxable)

Status: Non-Performing

The 929 North Wolfe Street, LLC Project ("Project"), a conduit project, was classified as "Watch" in June 2019 when the Project failed to meet the Debt Service Coverage Ratio of 1.20 as required by the financing documents. Per the Loan Agreement, Debt Service Coverage Ratio below 1.20x does not constitute an Event of Default; however, two consecutive years of Debt Service Coverage Ratio below 1.20x will constitute an Event of Default. East Baltimore Development, Inc. ("EBDI"), the borrower, has taken measures to improve the Project's financial performance, including hiring a management consultant to evaluate the Project, hiring a financial advisor, and replacing the Project's former manager, Greystar, with another reputable third-party housing manager. Despite EBDI's efforts, the Project failed to meet the Debt Service Coverage Ratio for a second consecutive year and did not make required payments under the Agreement to Make Payments Agreement (PILOT payments) and subsequently entered into a forbearance agreement, as amended, with the bondholders.

In August 2021, the Project is being reclassified as "Non-Performing" for this report. The Project is currently under a forbearance agreement, as amended, through December 31, 2021. Pursuant to the forbearance agreement, the bondholders agreed to forbear from exercising their rights and remedies under the financing documents related to the Debt Service Coverage Ratio Event of Default. Additionally, the bondholders agreed to forbear from exercising their rights and remedies due to non-payment of certain principal payment commencing December 1, 2020, through December 31, 2021

The bondholders have approached MEDCO expressing the desire to restructure the bonds given improved operating performance in recent years; however, COVID-related pressures have made restructuring challenging. MEDCO will continue to work with EBDI and the bondholders to monitor the Project's performance and explore solutions that will return the Project to performing status.

Baltimore City Garage Project

Status: Watch

The Baltimore City Garage project ("Project") was classified as "Watch" on July 15, 2020, when the rating on the Series 2018A and Series 2018B bonds was downgraded by S&P from BBB stable to BB- negative, and the rating on the Series 2018C bonds was downgraded by S&P from BBB- stable to BB- negative. The Governor's stay-at-home mandate beginning in March 2020 dramatically impacted transient parking revenues across Baltimore City and caused a drop in monthly parking customers. As some areas of the economy have started to reopen, MEDCO has seen a slight uptick in parking revenues, but expects recovery to be slow. For FY 20, the Project did not meet the Project's required coverage ratio and MEDCO engaged a parking consultant in accordance with the bond documents. For FY 21, the Project did not meet the Project's required coverage ratio and MEDCO will be engaging a parking consultant in accordance with the bond documents. MEDCO will continue to meet regularly with the manager and will closely monitor the performance of the Project. MEDCO has seen a promising increase in business at the garages since the State of Maryland entered stage 3 of the Governor's Maryland Strong: Roadmap to Recovery in May 2021.

Purple Line Light Rail

Status: Watch

The Purple Line Light Rail ("Purple Line"), a conduit project, was classified as "Watch" in August 2020 when the dispute regarding project delays and budget between the Maryland Department of Transportation ("MDOT") and Purple Line Transit Partners ("PLTP"), the concessionaire, escalated and PLTP gave notice of its intent to terminate its agreement with the State of Maryland ("State"). The State has maintained that it remains committed to seeing the Purple Line to completion. In September 2020, MDOT requested MEDCO assist MDOT by providing financial, consulting, and related services to MDOT in support of the Purple Line. In February 2021, MEDCO entered into a Financial Transaction Advisor Contract with Ernst & Young Infrastructure Advisors, LLC on behalf of Maryland Transit Administration, an agency of MDOT, to provide financial and transaction advisory services to support the Purple Line project. MEDCO continues to work with MDOT to support the project.

Student Housing Projects

Status: Watch

The following owned student housing projects were classified as "Watch" in May 2020: University of Maryland, College Park; University of Maryland, Baltimore County; University of Maryland, Baltimore; Salisbury University; and Towson University. In

September 2020, Bowie State University was classified as "Watch", and Salisbury University was removed from "Watch." In August 2021, Frostburg State University was classified as "Watch", and University of Maryland, College Park was removed from "Watch." In October 2021, Frostburg State University was removed from "Watch."

In March 2020, the University System of Maryland transitioned all undergraduate face-to-face instruction to remote instruction for the rest of the Spring 2020 semester. In accordance with the University System of Maryland's decision, all universities in the system closed their on-campus residential halls and refunded student for any prepaid rent. At the universities' requests, MEDCO followed suit with its owned student housing projects.

Per the respective Trust Indentures, the Coverage Ratio as of the last day of each Fiscal Year must not to be less than 1.20. If in any Fiscal Year, the Coverage Ratio of 1.20 is not met, a Management Consultant must be employed. For FY 2020, MEDCO retained a Management Consultant for the student housing projects at Bowie State University (CMRC); Towson University; University of Maryland, Baltimore; University of Maryland, Baltimore County; and University of Maryland, College Park projects. For Fiscal Year 2021, MEDCO anticipates the projects at Bowie State University (CMRC); Towson University; University of Maryland, Baltimore; and University of Maryland, Baltimore County will not meet the Coverage Ratio and MEDCO will be retaining a Management Consultant for the projects. Based on the information available at this time, MEDCO anticipates the projects will be able to fund operating expenses and make their next upcoming debt services payments.

ADVISORY CAPACITY

Through its staff's active service in board memberships and advisory positions within various organizations throughout the State, MEDCO directly promotes economic development and helps maximize new economic opportunities. These organizations include*:

Maryland Industrial Partnership ("MIPS")

MIPS promotes the development and commercialization of products and processes through research partnerships between universities and industries. MEDCO's Executive Director is a member of MIPS advisory board.

Bainbridge Development Corporation ("BDC")

BDC's purpose is to develop the Bainbridge Naval Training Center and to accelerate the site's transfer to the private sector. MEDCO's Executive Director is an ex-officio member of the board of directors. MEDCO's Assistant Director for Special Projects serves as BDC's Executive Director via an Inter-Agency Agreement with BDC.

Maryland Economic Development Association ("MEDA")

MEDA, a nonprofit organization for economic development professionals, promotes economic well-being by working to improve the state's business climate and encouraging professionalism in economic development. MEDCO's Executive Director is a member of MEDA's Past Presidents. Past Presidents provide economic development consulting services to parties requesting services.

Maryland Department of Housing and Community Development, Revenue Bond Advisory Board ("Revenue Advisory Board")

The Revenue Bond Advisory Board provides independent advice and expertise on the issuance of revenue bonds to the Department of Housing and Community Development. MEDCO's Executive Director serves as a member of the Revenue Bond Advisory Board.

Baltimore Community Lending ("BCL")

BCL is a non-profit community development financial institution that provides financing to support the revitalization and strengthening of underserved neighborhoods in Baltimore City.

Tri County Council of Western Maryland, Video Lottery Terminal Fund ("VLT")

The Tri County Council of Western Maryland manages the VLT which makes loans to small and minority business using revenues from video lottery terminals. The Council is based in Frostburg, Maryland, and services markets in western Maryland. MEDCO's Executive Director serves on the VLT's loan committee.

**The Boards and Committees included in this FY 2021 report were served on by Robert Brennan, who retired as MEDCO's Executive Director in August 2021.*

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Management's Discussion and
Analysis and Financial Statements
Together with Independent Auditors' Report

For the Years Ended June 30, 2021 and 2020

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

TABLE OF CONTENTS

As management of Maryland Economic Development Corporation (MEDCO), we offer readers of the financial statements this narrative overview and analysis of MEDCO's financial activities for the fiscal years ended June 30, 2021 and 2020. Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of financial activity, and (c) identify changes in MEDCO's financial position. We encourage readers to consider the information presented here in conjunction with MEDCO's financial statements and accompanying notes.

General

MEDCO is a body corporate and political and a public instrumentality of the State of Maryland that was created in 1984 by an act of the Maryland General Assembly. MEDCO's purpose is to attract new business and to encourage expansion of existing businesses in Maryland through the development, expansion, and/or modernization of facilities. In fulfilling this purpose, MEDCO owns and leases certain properties and makes loans to organizations that require financing to acquire or develop properties. MEDCO also serves as a consultant or development manager on certain projects.

MEDCO issues limited-obligation revenue bonds and notes to provide capital financing for projects. Most of the bonds and notes are conduit debt obligations issued for specific third parties in MEDCO's name. In most of these cases, the related assets, liabilities, revenues, expenses, and cash flows are not included in MEDCO's financial statements, as MEDCO has no obligation for the debt beyond the resources provided under the related lease or loan with the party on whose behalf the debt was issued. The bonds and notes not issued for specific third parties primarily finance operating facilities of MEDCO. These bonds and notes are payable solely from the revenues of the respective facilities as defined in the related trust indentures. MEDCO is the owner of these operating facilities and has retained on-site professional managers for each facility. Neither the conduit debt obligations nor the debt issued to finance operating facilities is backed by the full faith and credit of the State of Maryland.

These Projects are owned by MEDCO or were owned during the period of the financial statements and as such are consolidated in the financial statements:

- Christa McAuliffe Student Housing (Bowie) at Bowie State University
- Bowie Mixed Use Facility Student Housing (Bowie Mixed Use) at Bowie State University
- Baltimore City Garages (City Garages)
- CTU Foundation Student Housing (CTU) at Capitol Technology University
- Chesapeake Bay Conference Center (CBCC)
- Edgewood Commons Student Housing (Frostburg) at Frostburg State University
- Owings Mills Metro Centre Garage (Metro Centre)
- Morgan View and Thurgood Marshall Hall Student Housing (Morgan) at Morgan State University
- National Cybersecurity Center of Excellence (NCCoE) in Montgomery County, Maryland
- Rockville Innovation Center (RIC) in Montgomery County, Maryland
- University Park Phase I and II (Salisbury) at Salisbury University
- West Village and Millennium Hall Student Housing (Towson WV & MH) at Towson University
- Fayette Square Student Housing (UMAB) at University of Maryland, Baltimore

General – continued

- Walker Avenue Student Housing (UMBC) at University of Maryland, Baltimore County
- University of Maryland, College Park Energy and Infrastructure Program (UMCP Energy)
- South Campus Commons and The Courtyards (UMCP Housing) at University of Maryland, College Park
- University Village (University Village) at Sheppard Pratt

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to MEDCO's financial statements. MEDCO is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of MEDCO. MEDCO's statements consist of two parts: the financial statements and notes to the financial statements.

The Financial Statements

MEDCO's financial statements are designed to provide readers with a broad overview of its finances, in a manner similar to a private-sector business.

The statements of net position present information on all of MEDCO's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The statements of revenues, expenses and changes in net position present the operating activities of MEDCO and sources of non-operating revenues and expenses.

The statements of cash flows present summarized sources and uses of funds for MEDCO's activities. Cash flows from operating activities generally represent receipts and disbursements associated with property and equipment rentals, operating facilities and energy services as well as day-to-day management. Cash flows from non-capital financing activities generally include the incurrence of debt obligations to finance loans and financing leases and the related principal and interest payments. Cash flows from capital and related financing activities generally include the incurrence of debt obligations to finance capital assets, the subsequent investment of the debt proceeds in property and equipment, and the related principal and interest payments. Cash flows from investing activities generally include loan originations and related collections of principal and interest payments and purchases and sales of investments and collections of related income.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 21-61 of this report.

Financial Analysis of MEDCO

The following table summarizes MEDCO's financial position as of June 30,:

	2021	2020	2019
Current assets	$ 90,757,420	$ 103,727,095	$ 67,611,515
Net capital assets and right to use buildings	412,025,573	383,550,716	392,572,214
Other non-current assets	131,483,930	102,777,018	71,302,143
Total Assets	$ 634,266,923	$ 590,054,829	$ 531,485,872
Deferred outflow of resources	$ 5,803,422	$ 6,646,147	$ 7,533,844
Current liabilities	$ 299,683,309	$ 289,577,917	$ 226,430,619
Bonds and notes payable, net of current portion	663,910,663	605,400,520	579,224,903
Other non-current liabilities	311,067	6,874	46,071
Total Liabilities	$ 963,905,039	$ 894,985,311	$ 805,701,593
Deferred inflow of resources	$ 3,217,831	$ 3,112,110	$ 3,198,397
Net investment in capital assets	$ (302,461,144)	$ (263,265,160)	$ (222,298,309)
Restricted under trust indentures	120,915,930	91,452,500	65,703,329
Restricted for capital and other purposes	36,779	15,633	-
Unrestricted - Projects	(171,150,675)	(153,254,061)	(134,871,155)
Unrestricted - MEDCO	25,606,585	23,654,643	21,585,861
Total Net Position	$ (327,052,525)	$ (301,396,445)	$ (269,880,274)

Significant factors in the changes in MEDCO's financial position for the year ended June 30, 2021 include:

- During the year ended June 30, 2021, average occupancy at the student housing operating facilities decreased due to the ongoing impact of coronavirus (COVID-19). In addition, there was a decrease in parking at MEDCO's garage facilities and CBCC operated with limitations on occupancy, pool capacity, spa hours and food and bar service among others as government mandates were in effect. Additional information is provided in Note 12.

Financial Analysis of MEDCO – continued

- Current assets decreased primarily as a result of a decrease in cash and cash equivalents, $23,538,000, primarily due to the use of funds that had been advanced for the planning and construction of future projects. This decrease was partially offset by an increase in deposits with bond trustees for Morgan Thurgood Marshall Hall due to the funding of the capitalized interest, principal and cost of issuance accounts in connection with the issuance of Series 2020 bonds to finance the development of the student housing facility, $8,246,000, and CBCC, as transient occupancy and revenue increased as travel restrictions due to COVID-19 were lifted, $3,617,000.

- Net capital assets and right to use buildings increased due to development expenditures for Bowie Mixed Use, $32,908,000, and Morgan Thurgood Marshall Hall, $14,826,000, and various other capital expenditures at Projects totaling $6,277,000. These increases were partially offset by current year depreciation and amortization of $25,167,000.

- Other non-current assets increased primarily as a result of funds deposited with the trustee primarily for the funding of construction and debt service reserve accounts for Morgan Thurgood Marshall Hall, $64,035,000, and UMCP Housing, primarily due to deposits made to the repair and replacement fund, $5,795,000. These increases were partially offset by a decrease in deposits with bond trustee for Bowie Mixed Use due to development expenditures, $37,352,000, and capital, debt service and operational expenditures at various other Projects totaling $2,320,000.

- Current liabilities increased primarily as a result of additional accruals at CBCC for interest payable, deferred ground rent, and management and service fees, $18,607,000, an increase in the current portion of bonds payable due to CBCC not being able to fund the amount due during the year ended June 30, 2021, $7,545,000, accrued ground rent, $3,306,000, primarily due to an increase in revenue at Salisbury during the current year following the COVID-19 closure that occurred in March 2020, and as a result of payments not being made at University Village due to a lack of funds available as a result of a decrease in operating revenue due to COVID-19, accrued interest, $2,408,000, primarily as a result of the issuance of bonds to finance development of Morgan Thurgood Marshall Hall, and accounts payable, $8,047,000, primarily due to accrued capital expenditures for Morgan Thurgood Marshall Hall and the deferral of expenses due to the University of Maryland, College Park, Towson University and the University of Maryland, Baltimore County per a memorandum of understanding. These increases were partially offset by the repayment of advances for the planning and construction of future projects, $30,978,000.

- Bonds and notes payable, net of current portion, increased primarily as a result of the issuance of bonds to finance development of Morgan Thurgood Marshall Hall, $84,323,000. This increase was partially offset by the reclassification of fiscal year 2021 principal payments from non-current to current liabilities, $22,395,000, the amortization of bond premium/discounts, $2,581,000, and the early repayment of bonds and notes payable, $837,000.

Financial Analysis of MEDCO – continued

Significant factors in the changes in MEDCO's financial position for the year ended June 30, 2020 include:

- As a result of COVID-19, numerous federal and state measures were implemented to mitigate the effect of the outbreak. As a result, the student housing operating facilities of MEDCO and individual universities made the decision to close on campus housing and transition to distance learning in March 2020. Additionally, the mandated government restrictions resulted in a decrease in parking at MEDCO's garage facilities and MEDCO and management made the decision to temporarily suspend operations of CBCC in March 2020. Additional information is provided in Note 12.

- Current assets increased primarily as a result of an increase in cash and cash equivalents primarily due to advances received for the planning and construction of future projects, $35,716,000, reserve deposits received from the University of Maryland College Park for the benefit of UMCP Energy, $9,343,000, and funds on deposit from a short term investment that matured in June 2020, $2,677,000. These increases were partially offset by a decrease in cash and cash equivalents from Projects, $3,100,000, and rent and other receivables, $2,615,000, primarily due to the result of a reduction in revenues in response to the temporary closure of operating facilities that occurred in March 2020, deposits with bond trustee, $3,240,000, primarily for UMCP Energy as the accounts required under the trust indenture were closed upon maturity of the outstanding bonds in July 2019, short term investments, $2,014,000, primarily due to the maturity of the investment in June 2020 that was moved to cash, and funds available for the replacement of furniture and fixtures at CBCC, $1,403,000, due to the utilization of funds for operating expenses as a result of the temporary suspension of operations due to COVID-19.

- Net capital assets and right to use buildings decreased due to current year depreciation and amortization of $26,215,000. This decrease was partially offset by development expenditures for Bowie Mixed Use, $8,873,000, and various other capital expenditures at Projects totaling $8,738,000.

- Other non-current assets increased primarily as a result of funds deposited with the trustee for development, future debt service, capital and operating reserve requirements for Bowie Mixed Use, $47,790,000. This increase was partially offset by a decrease in deposits with bond trustee for UMCP Energy as the accounts required under the trust indenture were closed upon maturity of the outstanding bonds, $6,292,000, the use of funds on deposit with the trustee for capital, debt service and operational expenditures at UMCP, $5,139,000 and capital, debt service and operational expenditures at various other Projects totaling $4,839,000.

Financial Analysis of MEDCO – continued

- Current liabilities increased primarily as a result of additional accruals at CBCC for interest payable, deferred ground rent and management and service fees, $16,019,000, an increase in the current portion of bonds payable due to CBCC not being able to fund the amount due during the year ended June 30, 2020, $7,180,000, advances received for the planning and construction of future projects, $40,454,000, reserve deposits received from the University of Maryland for UMCP Energy, $6,528,000, and an increase in accounts payable, $2,962,000, primarily for increases in maintenance and repair costs invoiced at year end, insurance proceeds on deposit and amounts due to the manager for UMCP Energy. These increases were partially offset by decreases in accrued ground rent as a result of payments being made and decreases in revenues at UMCP, $2,906,000, Bowie, $829,000, CTU, $546,000, Frostburg, $522,000, and various other Projects, $809,000, the scheduled retirement of the bond payable for UMCP Energy, $3,045,000, and a decrease in advance deposits of $870,000 at CBCC due to the temporary suspension of operations due to COVID-19.

- Bonds and notes payable, net of current portion, increased primarily as a result of the issuance of bonds to finance development of Bowie Mixed Use, $50,455,000. This increase was partially offset by the reclassification of fiscal year 2020 principal payments from non-current to current liabilities, $21,374,000, the amortization of bond premium/discounts, $2,410,000, and the early repayment of bonds and notes payable, $495,000.

MEDCO's net position as of June 30, 2021, 2020 and 2019 (after considering the effects of eliminations and adjustments in consolidation) are detailed by source as follows:

	2021	2020	2019
Operating facilities	$ (354,289,655)	$ (326,742,420)	$ (293,483,724)
Other operations	27,237,130	25,345,975	23,603,450
Net position	$ (327,052,525)	$ (301,396,445)	$ (269,880,274)

As discussed in greater detail below, the majority of MEDCO's operating income for 2021, 2020 and 2019 relate to its operating facilities.

Financial Analysis of MEDCO – continued

The following table summarizes MEDCO's revenues and expenses and changes in net position for the years ended June 30,:

	2021	2020	2019
Operating Revenues:			
Operating facilities	$ 115,681,959	$ 112,631,836	$ 139,829,582
Other property and equipment rentals	726,668	723,922	900,806
Consulting and management fees	2,041,011	1,833,719	1,360,867
Total Operating Revenues	118,449,638	115,189,477	142,091,255
Operating Expenses:			
Operating facilities	85,593,143	84,217,021	96,779,427
Rent	84,135	93,818	92,726
Compensation and benefits	1,861,112	1,677,567	1,504,551
Administrative and general	463,979	455,463	499,901
Depreciation and amortization	25,167,268	26,215,282	30,823,791
Total Operating Expenses	113,169,637	112,659,151	129,700,396
Operating Income	5,280,001	2,530,326	12,390,859
Non-operating Revenues and Expenses:			
Interest income	562,346	2,013,600	1,983,859
Interest expense	(30,486,400)	(28,024,460)	(28,008,270)
Issuance expense	-	-	(1,452,896)
Settlement income	36,938	223,821	846,347
Bond issuance costs	(680,529)	(546,302)	-
Loss on sales and retirements of assets, net	(368,436)	(407,321)	(16,117,617)
Capital grants from government agencies	-	-	629,466
Other grants from government agencies	-	-	41,100
Surplus funds distribution	-	(7,305,835)	(1,344,000)
Net Non-operating Expenses	(30,936,081)	(34,046,497)	(43,422,011)
Change in Net Position	(25,656,080)	(31,516,171)	(31,031,152)
Net Position, beginning of year	(301,396,445)	(269,880,274)	(238,849,122)
Net Position, end of year	$(327,052,525)	$(301,396,445)	$(269,880,274)

Financial Analysis of MEDCO – continued

The change in net position for the years ended June 30, 2021, 2020 and 2019 (after considering the effects of eliminations and adjustments in consolidation) is detailed by source as follows:

	2021	2020	2019
Operating facilities	$ (27,547,235)	$ (33,258,696)	$ (28,750,798)
Other operations	1,891,155	1,742,525	(2,280,354)
Change in Net Position	$ (25,656,080)	$ (31,516,171)	$ (31,031,152)

Significant factors in the results for the year ended June 30, 2021 include:

- As of June 30, 2021, management has identified CBCC as a "Non-Performing" Project, as defined in MEDCO's loan classification policy. CBCC has been identified as a "Non-Performing" Project after the June 2014 debt service payment was only partially made and for failure to meet the debt coverage ratio as required in the trust indenture governing the bonds. Under terms of the CBCC trust indenture, MEDCO is required to promptly employ a management consultant to submit a written report and recommendations with respect to the Project. MEDCO has engaged both a project analyst consulting firm and an asset management/turnaround consultant to evaluate the operations of CBCC. Since May 1, 2014, CBCC has had a forbearance agreement with the trustee which provides for a partial deferral of interest and principal payments owed under the bonds. Pursuant to a fourteenth amendment the forbearance agreement was amended and extended to June 30, 2021. In addition to providing for a partial deferral of interest and principal payments owed under the bonds, the agreement allowed for the use of funds and accounts held under the trust indenture and in the capital reserve fund for payment of specified accounts payable and operating expenses. In accordance with the terms of the fourteenth amendment, effective December 31, 2020, a proposed budget through June 30, 2021 was prepared and submitted to the trustee for approval. Upon approval of the budget by the trustee, the Project was to incur expenses and expend funds only to the extent per category and within the times set forth in the approved cash flow budget. In addition, any amounts not spent within one month could be expended in a subsequent month, subject to adjustments. The fourteenth amendment also eliminated, through June 30, 2021, the covenants requiring the Project to maintain certain levels of production, gross revenue and net operating income and cash flow targets. In accordance with the terms of the restated and amended forbearance agreement, effective July 1, 2021 through December 31, 2021, a proposed budget through December 31, 2021 was prepared and submitted to the Trustee for approval. The first amendment to the amended and restated forbearance agreement, effective August 31, 2021, amends the transfer of funds to specific reserves in connection with the capital budget, as stipulated in the agreement. Additional information relating to the status of this Project is provided in Note 11 to the financial statements.

Financial Analysis of MEDCO – continued

- As of June 30, 2021, management has identified City Garages, UMCP Housing, UMBC, UMAB, Bowie, and Towson WV and MH student housing projects as "Watch" projects, as defined in MEDCO's loan classification policy. City Garages revenue was negatively impacted by reduced parking related to COVID-19. In March 2020, as a result of COVID-19, the University System of Maryland transitioned all undergraduate in-person instruction to virtual instruction for the remainder of the Spring 2020 semester. In connection with the University of Maryland's decision, all universities in the system closed their on-campus residential halls. During the year ended June 30, 2021 occupancy rates began to improve as the University System of Maryland institutions offered a mix of both virtual and in-person instruction. Per the respective trust indentures, the Projects are each required to meet a coverage ratio, as defined in the respective trust indenture agreements, as of the last day of each fiscal year of no less than 1.20 to 1. If in any fiscal year, the coverage ratio is not met, a management consultant must be employed. In August 2021, UMCP Housing was removed from being classified as a "Watch" project. City Garages, UMBC, UMAB, Bowie, and Towson WV and MH did not meet their respective coverage ratios as of June 30, 2021. During the year ending June 30, 2021, MEDCO retained a management consultant for the UMCP Housing, UMBC, UMAB, Bowie, and Towson WV and MH student housing projects. City Garages, UMBC, UMAB, Bowie, and Towson WV and MH did not meet their respective coverage ratios as of June 30, 2021. MEDCO is actively working to engage a management consultant for these Projects.

- Losses from operating facilities decreased approximately $5,711,000 for the year ended June 30, 2021 in comparison to the year ended June 30, 2020. This is primarily attributable to UMCP Energy, $8,174,000, due to the additional surplus fund distributions made in the prior year to the University of Maryland, College Park pursuant to the closing of the bond trust accounts upon retirement of the Project's bonds and a decrease in depreciation expense as a result of the Project's fixed assets becoming fully depreciated in the prior year, and UMCP Housing, $5,553,000, as a result of an increase in revenue as students started to return to campus, and a decrease in ground rent expense due to increased deposits made to the repair and replacement fund. These decreases were partially offset by increases at other operating projects, $3,654,000, due to the on-going impact of COVID-19 on operations, and losses recognized on Bowie Mixed Use, $1,595,000, and Morgan Thurgood Marshall Hall, $2,676,000, while the student housing facilities are under development.

- Net Non-operating revenues (expenses) increased $3,110,000. This increase is primarily attributable to a decrease in surplus funds distribution expense, $7,306,000, due to the additional distribution made by UMCP Energy in the prior year to the University of Maryland, College Park pursuant to the closing of the bond trust accounts upon retirement of the Project's bonds. This increase was partially offset by an increase in interest expense, $2,462,000, primarily due to the issuance of bonds for the development of the Morgan Thurgood Marshall Hall student housing facility, and a decrease in interest income, $1,451,000, primarily due to a decrease in interest rates on deposits and investments.

Financial Analysis of MEDCO – continued

Significant factors in the results for the year ended June 30, 2020 include:

- As of June 30, 2020, management identified CBCC as a "Non-Performing" Project, as defined in MEDCO's loan classification policy. CBCC has been identified as a "Non-Performing" Project after the June 2014 debt service payment was only partially made and for failure to meet the debt coverage ratio as required in the trust indenture governing the bonds. Under terms of the CBCC trust indenture, MEDCO is required to promptly employ a management consultant to submit a written report and recommendations with respect to the Project. MEDCO has engaged both a project analyst consulting firm and an asset management/turnaround consultant to evaluate the operations of CBCC. Since May 1, 2014, CBCC has had a forbearance agreement with the trustee which provides for a partial deferral of interest and principal payments owed under the bonds. Effective April 1, 2020, the forbearance agreement was amended and extended to October 30, 2020. In addition to providing for a partial deferral of interest and principal payments owed under the bonds, the agreement allows for the use of funds and accounts held under the trust indenture and in the capital reserve fund for payment of specified accounts payable, operating expenses and refunds of advanced deposits. The results for the year ended June 30, 2020 were significantly impacted by COVID-19 and the resulting temporary suspension of operations in March 2020. On June 22, 2020, the Project resumed operations with limitations on occupancy, pool capacity, spa hours and food and bar service, among others. Additional information relating to the status of this Project is provided in Note 11 to the financial statements.

- As of June 30, 2020, management identified UMCP Housing, UMBC, UMAB, Frostburg, and Towson WV and MH student housing projects as "Watch" projects, as defined in MEDCO's loan classification policy. In March 2020, as a result of COVID-19, the University System of Maryland transitioned all undergraduate in-person instruction to virtual instruction for the remainder of the Spring 2020 semester. In connection with the University of Maryland's decision, all universities in the system closed their on-campus residential halls. Per the respective trust indentures, the Projects are each required to meet a coverage ratio, as defined in the respective trust indenture agreements, as of the last day of each fiscal year of no less than 1.20 to 1. If in any fiscal year, the coverage ratio is not met, a management consultant must be employed. In September 2020, Bowie was classified as a "Watch" project. UMCP Housing, UMBC, UMAB, Frostburg and Towson WV and MH did not meet their respective coverage ratios as of June 30, 2020. As such, as of June 30, 2020, MEDCO was actively working to engage a management consultant for these Projects.

Financial Analysis of MEDCO – continued

- Losses from operating facilities increased approximately $4,508,000 for the year ended June 30, 2020 in comparison to the year ended June 30, 2019. This was attributable to CBCC, $6,323,000, and other operating projects, $4,976,000, primarily as a result of lower revenues due to the COVID-19 related temporary closure of the Projects beginning in March 2020. The increase in losses from operating facilities was also attributable to UMCP Energy, $5,441,000, primarily due to the additional surplus funds distribution made to the University of Maryland, College Park pursuant to the closing of the bond trust accounts upon retirement of the Project's bonds, RIC, $2,034,00, primarily due to the gain recognized on the disposition of the Project in the prior year, and the loss recognized on Bowie Mixed Use while under development, $1,052,000. These increases were partially offset by $14,269,000 at NCCoE, primarily due to the loss recognized on the disposition of the Project in the prior year, and $1,049,000 at Towson WV and MH for the loss recognized on the retirement of assets in the prior year for the early retirement of right to use building assets due to the renovations to the building envelope, as compared to the loss recognized in the current year.

- Income from other operations increased $4,023,000 for the year ended June 30, 2020 in comparison to the year ended June 30, 2019. This increase was primarily attributable to a decrease in depreciation expense of $589,000 and a decrease in the loss recognized on the retirement of assets of $2,848,000 as a result of the sale of a building asset in the prior year. Consulting and management fees increased $473,000 primarily due to an increase in development projects and activity and the fees for managing the projects.

- Net Non-operating revenues (expenses) increased $9,376,000. This increase was primarily attributable to a decrease in issuance expense of $1,453,000 due to the prior year issuance of bonds to acquire the leasehold interest in BCG, and for the loss recognized on the retirement of assets in the prior year for the sale of a building asset, the early retirement of right to use building assets due to the renovations to the building envelope and HVAC system at Towson MH and the disposition of the NCCoE and RIC projects totaling $16,118,000, as compared to the current year loss recognized on the retirement of assets of $407,000. This increase was partially offset by the additional surplus funds distribution to the University of Maryland, College Park, $5,962,000, for UMCP Energy pursuant to the closing of the bond trust accounts upon retirement of the Project's bonds, current year bond issuance costs for Bowie Mixed Use, $546,000, and a decrease in settlement income, $675,000, due to the prior year settlement at UMCP Energy.

Additional information relating to the operating results of the operating facilities for the years ended June 30, 2021 and 2020 is provided in Note 7 to the financial statements.

Capital Assets and Debt Administration

Capital Assets and Right to Use Buildings

Costs incurred to acquire, develop and/or improve capital assets were $54,011,000 and $17,611,000 during the years ended June 30, 2021 and 2020, respectively.

Capital Assets and Debt Administration – continued

Capital Assets and Right to Use Buildings – continued

During 2021 and 2020, there were $32,908,000 and $8,873,000, respectively, of construction, development and equipment expenditures for the Bowie Mixed Use facility for the initial design and construction of the student housing Project. Proceeds from the 2020 issuance of tax-exempt bonds were used to pay for the cost of issuing the bonds, fund required reserve deposits and to pay for the development of the Project. The Project opened in August 2021.

During 2021 and 2020, projects totaling $1,143,000 and $479,000, respectively, were completed to make improvements to all three of the Baltimore City Parking garages.

During 2021 and 2020, there were $209,000 and $67,000, respectively, in capital expenditures for building fixtures at CTU.

During 2021 and 2020, there were $285,000 and $1,757,000, respectively, of capital expenditures at CBCC, primarily for improvements to the facilities.

The major capital asset events during the year ended June 30, 2021 at Morgan were expenditures for the ongoing construction of the Thurgood Marshall Hall facility, totaling $14,826,000, as well as $499,000 on new exterior lighting, computers, furniture and fixtures and the replacement of HVAC units, roofing, water heaters, carpeting and furniture and fixtures. The major capital asset events during the year ended June 30, 2020 at Morgan were new computers, security system and lighting fixture upgrades, and the replacement of roofing, water heaters, HVAC, carpeting, furniture and fixtures, $532,000.

The major capital asset events during the year ended June 30, 2021 at Salisbury were window, roof, HVAC, carpet, furniture, and appliance replacement, $1,407,000. The major capital asset events during the year ended June 30, 2020 at Salisbury were fire sprinkler restoration and replacing carpet, furniture, and appliances, $343,000.

The major capital asset events during the year ended June 30, 2021 at Towson WV & MH were furniture, fixtures and equipment, PVI water tanks, and building repairs, $793,000. The major capital asset events during the year ended June 30, 2020 at Towson WV & MH were the upgraded key management system, LED lighting, replacement of furniture, fixtures, equipment and mechanical systems, and electrical upgrades, $741,000.

The major capital asset events during the year ended June 30, 2021 at UMBC were drywall improvements and insulation, roof improvements, and exterior housing for generators and a roof condenser, $79,000. The major capital asset events during the year ended June 30, 2020 at UMBC were drywall improvements and insulation, roof improvements, window improvements and replacements, asphalt and sidewalk improvements, exterior housing for generators, HVAC and heat pump replacements, generators, carpet replacement, vanity and fixture replacements, and appliance replacements, $1,302,000.

Capital Assets and Debt Administration – continued

Capital Assets and Right to Use Buildings – continued

The major capital asset events during the year ended June 30, 2021 at UMCP Housing were the replacement of support beams, patio headers, HVAC, heat pump, pool and hot tub pump, carpet, tile, furniture, appliances, and fire alarm upgrades, $638,000. The major capital asset events during the year ended June 30, 2020 at UMCP Housing were the replacement of roofing, patio heaters, HVAC, heat pump, water heater, electrical board, carpet, tile, furniture and appliances, $2,573,000.

The major capital asset events during the year ended June 30, 2021 at University Village were the replacement of flooring, furniture and fixtures, and property access control and computer lab upgrades, $755,000, and construction in progress for kitchen renovations, $276,000. The major capital asset events during the year ended June 30, 2020 at University Village were the purchase of computer and video systems, the replacement of furniture and fixtures, flooring, and mechanical system repairs, $805,000.

Additional information relating to capital assets is provided in Notes 5 and 6 to the financial statements.

Debt

As of June 30, 2021, MEDCO had total bonds and notes payable outstanding of $729,099,000, an increase of 10.1% from June 30, 2020. As discussed above, none of the bond or note debt is backed by the full faith and credit of the State of Maryland or MEDCO.

During 2021, MEDCO issued debt totaling $84,323,000, including an original issue premium and discount, to finance the development of the Morgan Thurgood Marshall Hall student housing facility. Aggregate principal payments/reductions on bonds and notes payable during the year were $14,933,000.

As of June 30, 2020, MEDCO had total bonds and notes payable outstanding of $662,290,000, an increase of 4.9% from June 30, 2019. As discussed above, none of the bond or note debt is backed by the full faith and credit of the State of Maryland or MEDCO.

During 2020, MEDCO issued debt totaling $50,455,000, including an original issue premium and discount, to finance the development of the Bowie Mixed Use Project. Aggregate principal payments/reductions on bonds and notes payable during the year were $17,120,000.

Additional information relating to debt and capital lease obligations is provided in Note 8 to the financial statements.

Contacting Management of MEDCO

This report is designed to provide Maryland citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of the finances of MEDCO. If you have questions about this report or need additional information, including individual Project audited financial statements, contact Maryland Economic Development Corporation, 7 St. Paul Street, Suite 940, Baltimore, MD 21202.

SC&H ATTEST SERVICES

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Maryland Economic Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Maryland Economic Development Corporation (MEDCO), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEDCO as of June 30, 2021 and 2020, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 13, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SC+H Attest Services, P.C.

October 25, 2021

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Net Position

As of June 30,		*2021*		*2020*
Assets				
Current Assets:				
Cash and cash equivalents	$	45,136,423	$	68,674,808
Short-term investments		6,406,545		6,176,491
Security deposits		210,351		703,018
Deposits with bond trustees — restricted		30,685,853		18,933,526
Funds for replacement of and additions to furnishings and equipment		413,932		438,382
Loans receivable, net		25,000		25,000
Receivables under direct financing leases		32,855		91,735
Rent and other receivables, net		5,948,954		6,629,604
Interest receivable, net		25,462		39,391
Inventory		257,891		261,313
Prepaid expenses and other assets		1,614,154		1,753,827
Total Current Assets		90,757,420		103,727,095
Non-current Assets:				
Long-term investments		75,000		100,000
Deposits with bond trustees — restricted		129,042,552		100,105,155
Loans receivable, net		75,000		100,000
Receivables under direct financing leases		974,451		1,078,531
Prepaid expenses and other assets		1,316,927		1,393,332
Right to use buildings, net of accumulated amortization of $193,526,707 and $179,783,094		305,429,814		269,507,244
Capital assets:				
Buildings and improvements		194,236,323		194,131,416
Furnishings and equipment		91,670,476		91,248,488
Construction in progress		381,098		-
		286,287,897		285,379,904
Less: accumulated depreciation and amortization		(179,692,138)		(171,336,432)
Net Capital Assets		106,595,759		114,043,472
Total Non-current Assets		543,509,503		486,327,734
Total Assets	$	634,266,923	$	590,054,829
Deferred Outflow of Resources:				
Deferred advance refunding costs		5,803,422		6,646,147
Total Deferred Outflow of Resources	$	5,803,422	$	6,646,147

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

Statements of Net Position - continued

As of June 30,	*2021*	*2020*
Liabilities and Net Position		
Current Liabilities:		
Accounts payable and accrued expenses	$ 23,979,270	$ 15,932,430
Sales tax payable	435,242	58,814
Advances	16,516,085	47,493,783
Reserve deposits	7,861,596	7,527,500
Accrued interest	47,124,650	37,270,777
Advance deposits	2,441,334	2,219,577
Security deposits	661,686	357,890
Accrued ground rent	62,432,147	55,457,946
Bonds and notes payable	65,188,499	56,889,247
Deferred management and service fees payable	73,042,800	66,369,953
Total Current Liabilities	299,683,309	289,577,917
Non-current Liabilities:		
Bonds and notes payable	663,910,663	605,400,520
Other liabilities	311,067	6,874
Total Non-current Liabilities	664,221,730	605,407,394
Total Liabilities	$ 963,905,039	$ 894,985,311
Deferred Inflow of Resources:		
Rents and fees collected in advance	2,989,694	2,857,142
Deferred advance refunding gains	228,137	254,968
Total Deferred Inflow of Resources	$ 3,217,831	$ 3,112,110
Commitments and Contingencies (Notes 10, 11 and 12)		
Net Position:		
Net investment in capital assets	(302,461,144)	(263,265,160)
Restricted under trust indentures	120,915,930	91,452,500
Restricted for capital and other purposes	36,779	15,633
Unrestricted-Projects	(171,150,675)	(153,254,061)
Unrestricted-MEDCO	25,606,585	23,654,643
Total Net Position	$ (327,052,525)	$ (301,396,445)

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

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,	*2021*	*2020*
Operating Revenues:		
Operating facilities	$ 115,681,959	$ 112,631,836
Other property and equipment rentals	726,668	723,922
Consulting and management fees	2,041,011	1,833,719
Total Operating Revenues	118,449,638	115,189,477
Operating Expenses:		
Operating facilities	85,593,143	84,217,021
Rent	84,135	93,818
Compensation and benefits	1,861,112	1,677,567
Administrative and general	463,979	455,463
Depreciation and amortization	25,167,268	26,215,282
Total Operating Expenses	113,169,637	112,659,151
Operating Income	5,280,001	2,530,326
Non-operating Revenues and Expenses:		
Interest income	562,346	2,013,600
Interest expense	(30,486,400)	(28,024,460)
Settlement income	36,938	223,821
Bond issuance costs	(680,529)	(546,302)
Loss on sales and retirements of assets, net	(368,436)	(407,321)
Surplus funds distribution	-	(7,305,835)
Net Non-operating Expenses	(30,936,081)	(34,046,497)
Change in Net Position	(25,656,080)	(31,516,171)
Net Position, beginning of year	(301,396,445)	(269,880,274)
Net Position, end of year	$ (327,052,525)	$ (301,396,445)

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

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Cash Flows

For the Years Ended June 30,	*2021*	*2020*
Cash Flows from Operating Activities:		
Cash received from property and equipment rentals	$ 726,549	$ 749,492
Cash received from consulting and management fees	2,480,665	1,220,973
Cash received from guests	24,059,445	31,535,571
Cash received from customer charges	17,782,050	9,583,063
Cash received from parkers	5,674,544	7,072,026
Cash received from tenants	62,530,202	62,839,952
Cash received from tax increment financing	2,109,726	2,091,933
Cash paid for operating expenses	(1,199,364)	(1,312,761)
Cash paid for expenses of operating facilities	(62,678,639)	(80,700,808)
Net Cash and Cash Equivalents Provided by Operating Activities	51,485,178	33,079,441
Cash Flows from Non-capital Financing Activities:		
Advances	(28,441,206)	35,717,144
Interest payments on bonds and notes payable	(240,530)	(253,348)
Principal payments on bonds and notes payable	(349,084)	(454,266)
Net Cash and Cash Equivalents Provided by (Used in) Non-capital Financing Activities	(29,030,820)	35,009,530
Cash Flows from Capital and Related Financing Activities:		
Distribution of surplus funds	-	(7,305,835)
Advances for (payments of) construction expenditures	(2,452,683)	4,981,313
Right to use buildings expenditures	(49,086,560)	(13,528,989)
Construction, development and equipment expenditures	(1,606,226)	(2,579,031)
Proceeds from settlement	-	1,864,173
Proceeds from sale of capital assets	760	10,370
Proceeds from issuance of bonds and notes payable	84,322,721	50,454,621
Bond issuance expenditures	(680,529)	(546,302)
Net funding of funds for replacement of and additions to furnishings and equipment	24,450	1,403,444
Interest paid	(22,156,929)	(23,371,246)
Principal payments on bonds and notes payable	(14,583,416)	(16,665,364)
Net Cash and Cash Equivalents Used in Capital and Related Financing Activities	(6,218,412)	(5,282,846)
Cash Flows from Investing Activities:		
Principal payments received on direct financing leases	162,960	132,276
Issuance of loans receivable	-	(42,500)
Principal payments on loans receivable	25,000	140,271
Reserve deposits	334,096	6,527,500
Proceeds from settlement	36,938	159,648
Net purchases of deposits with bond trustees - restricted	(40,689,724)	(28,280,166)
Net sales (purchases) of investments	(205,054)	1,914,402
Interest received	561,453	2,058,508
Net Cash and Cash Equivalents Used In Investing Activities	(39,774,331)	(17,390,061)
Net Increase (Decrease) in Cash and Cash Equivalents	(23,538,385)	45,416,064
Cash and Cash Equivalents, beginning of year	68,674,808	23,258,744
Cash and Cash Equivalents, end of year	$ 45,136,423	$ 68,674,808

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

Statements of Cash Flows - continued

For the Years Ended June 30,	*2021*	*2020*
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:		
Operating income	$ 5,280,001	$ 2,530,326
Adjustment to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	25,167,268	26,215,282
Provision for doubtful accounts	3,595,426	749,051
Changes in operating assets and liabilities:		
Tenant security deposits	492,667	15,974
Rent and other receivables	(2,899,954)	1,880,316
Inventory	3,422	82,876
Prepaid expenses and other assets	216,078	(215,243)
Accounts payable and accrued expenses	8,396,254	3,150,239
Sales tax payable	376,428	(476,877)
Advances	(83,809)	(244,594)
Advance deposits	221,757	(870,460)
Security deposits	303,796	(348,654)
Accrued ground rent	3,306,252	(5,612,008)
Deferred management and service fees payable	6,672,847	6,322,193
Deferred inflow of resources - rents and fees collected in advance	132,552	(59,783)
Other liabilities	304,193	(39,197)
Net cash and cash equivalents provided by operating activities	$ 51,485,178	$ 33,079,441
Schedule of non-cash capital and related financing activities:		
Loss on sales and retirements of assets, net	$ (369,196)	$ (417,691)
Construction, development, and equipment expenditures included in accounts payable and accrued expenses	4,879,036	1,503,455
Amortization of lease allowance	29,828	22,978
Amortization of issue premium on bonds	2,781,464	2,606,945
Amortization of issue discount on bonds	200,638	197,189
Amortization of deferred inflow of resources - deferred advance refunding gains	26,831	26,504
Amortization of deferred outflow of resources - deferred advance refunding costs	842,725	887,697

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Maryland Economic Development Corporation (MEDCO) is a body corporate and political and a public instrumentality of the State of Maryland that was created in 1984 by an act of the Maryland General Assembly. MEDCO's purpose is to attract new business and encourage expansion of existing businesses in Maryland through the development, expansion and/or modernization of facilities. In fulfilling this purpose, MEDCO owns and leases certain properties and makes loans to organizations that require financing to acquire or develop properties. MEDCO also serves as a consultant or development manager on certain projects.

MEDCO issues limited-obligation revenue bonds and notes to provide capital financing for projects. Most of the bonds and notes are conduit debt obligations issued for specific third parties in MEDCO's name. In most of these cases, the related asset, liabilities, revenues, expenses and cash flows are not included in MEDCO's financial statements, as MEDCO has no obligation for the debt beyond the resources provided under the related loan with the party on whose behalf the debt was issued. The bonds and notes not issued for specific third parties primarily finance operating facilities of MEDCO. These bonds and notes are payable solely from the revenues of the respective facilities as defined in the related bond indentures.

MEDCO is governed by a twelve-member board appointed by the Governor. MEDCO qualifies for tax-exempt status under Section 501(c)(4) of the Internal Revenue Code and Section 10-104 of the Tax-General Article of the Annotated Code of Maryland. Accordingly, no provision for income taxes or income tax benefit has been recorded.

Basis of Presentation

The accompanying financial statements present the financial position, changes in financial position and cash flows of MEDCO. As a special purpose government entity engaged solely in business-type activities, MEDCO follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred. Also, in preparing its financial statements, MEDCO has adopted Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation – continued

MEDCO has elected to report its conduit debt as allowed under GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations.* The term conduit debt obligations refers to certain limited-obligation revenue bonds or notes issued by MEDCO for the express purpose of providing capital financing for a specific third party that is not a part of MEDCO's financial reporting entity. Although conduit debt obligations bear the name of MEDCO, MEDCO has no obligation for such debt beyond the resources provided by financing leases or loans with the third parties on whose behalf they are issued. Since these conduit debt obligations do not constitute a liability of MEDCO, management has elected to exclude certain conduit debt obligations, the related assets, revenues, expenses and cash flows from its financial statements. In circumstances where the related assets and liabilities do not fully offset, management has elected to continue reporting the related assets, liabilities, revenues, expenses, and cash flows in its financial statements; however, MEDCO, as with all other conduit bonds and notes, has no obligation for the conduit debt beyond the resources provided under the related leases or loans with the parties on whose behalf the debt was issued.

Use of 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Short-term investments with maturities of three months or less on the date of purchase are classified as cash equivalents, except that any such investments purchased with funds on deposit with the bond trustee are classified with such deposits.

Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. MEDCO periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal business risk.

MEDCO is required by Section 17-101(d) of the Local Government Article of the Annotated Code of Maryland to collateralize deposits in banks in excess of federal deposit insurance. Satisfactory collateral is enumerated at Section 6-202 of the State Finance and Procurement Article of the Code. As of June 30, 2021 and 2020, bank deposits were properly collateralized.

As of June 30, 2021 and 2020, $26,026,119 and $54,109,314, respectively, of cash and cash equivalents were restricted under third party agreements and not available to pay general operating expenses of MEDCO.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments

Investments include certificates of deposit, U.S. Government Agency bills, notes and bonds, and money market funds. Investments are recorded as either short-term or long-term in the accompanying statements of net position based on the contractual maturity date. Certain U.S. Government Agency term notes classified as short-term investments have maturities that extend beyond one year, however, management has not expressed an intention to hold these investments to maturity.

Security Deposits

Security deposits are held in checking and money market accounts and represent cash restricted under state law. As of June 30, 2021, security deposits were overfunded at Morgan View and Thurgood Marshall Hall Student Housing at Morgan State University (Morgan), $1,732, and University Village at Sheppard Pratt (University Village), $37,433. As of June 30, 2020, security deposits were underfunded at Morgan, $65,922, and overfunded at South Campus Commons and The Courtyards at University of Maryland, College Park (UMCP Housing), $374,832, and University Village, $36,218. The over and underfundings are a result of the timing of receipts and refunds that are transacted in the operating accounts of the facilities. Periodically, funds are transferred from cash and cash equivalents to security deposits to meet the minimum funding requirements.

Fund for Replacement of and Additions to Furnishings and Equipment

The Hyatt Hotels Corporation of Maryland (Hyatt) management agreement for the Chesapeake Bay Conference Center (CBCC) requires that a reserve fund for replacement of and additions to furnishings and equipment be established. An interest-bearing account is maintained for the fund. As of June 30, 2021 and 2020, all bank deposits related to the reserve fund for replacement of furnishings and equipment were properly collateralized in accordance with Section 17-101(d) of the Local Government Article of the Annotated Code of Maryland.

Pursuant to the Hyatt management agreement, the amount to be contributed to the fund was equal to 4% of gross receipts, as defined, through June 30, 2008, and 5% from July 1, 2008 through June 30, 2011. From July 1, 2011 through July 1, 2015, the agreement provided for 5% plus additional amounts not in excess of 2% of gross receipts (as MEDCO and Hyatt deem reasonably necessary to meet the current or anticipated capital expenditure needs of the Hotel). Pursuant to a forbearance agreement, effective May 1, 2014 and during the forbearance period, the amount to be contributed to the fund is capped at 5% of gross receipts. As of June 30, 2021 and 2020, the reserve fund was underfunded by approximately $1,259,000 and $61,000, respectively. The shortfall at June 30, 2021 is the result of a lack of funds available due to the limitations on occupancy and operations in place due to COVID-19 restrictions (Notes 11 and 12). As of October 25, 2021, the shortfall for 2021 and 2020 has not been funded. The shortfall at June 30, 2020 was the result of a lack of funds available due to the temporary suspension of operations due to COVID-19 restrictions.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Loans Receivable

Loans are stated at their uncollected principal balances, reduced by unearned income. Loans are classified as non-accrual when they become past due for ninety days. A loan remains in non-accrual status until it becomes current as to both principal and interest and the borrower demonstrates the ability to pay and remain current. MEDCO utilizes the allowance method to provide for doubtful accounts based upon a review of past-due loans and historical collection experience. Loan receivables are written off when it is determined the amounts are uncollectible. The balance of the allowance for doubtful accounts was $730,908 as of June 30, 2021 and 2020.

Receivables under Direct Financing Leases

Leases which transfer substantially all the risks and benefits of ownership to tenants are considered finance leases and the present values of the minimum lease payments and the estimated residual values of the leased properties, if any, are accounted for as receivables. In general, revenues under the financing leases are recognized when due from tenants.

Rent and Other Receivables

Rent and other receivables consist of amounts due for rent, management fees, and construction advances. Certain operating facilities extend credit to customers without requiring collateral. For certain contracts, the operating facilities require advance deposits prior to services being performed. The operating facilities utilize the allowance method to provide for doubtful accounts based upon a review of past-due accounts and historical collection experience.

Receivables are written off when it is determined amounts are uncollectible. The balance of the allowance for doubtful accounts as of June 30, 2021 and 2020 totaled $4,919,098 and $1,461,209, respectively.

Inventory

Inventory, consisting primarily of food and beverage, is stated at the lower of cost or market. Cost is generally determined by the first-in, first-out (FIFO) method.

Service Concession Arrangements

MEDCO assists in the development of various student housing projects for the University System of Maryland. The land underlying the Projects is leased from the State of Maryland and title to the Projects will revert to the universities upon termination of the ground leases. In accordance with GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (GASB 60), the arrangement between MEDCO and the universities qualifies as a service concession arrangement.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Service Concession Arrangements – continued

MEDCO also assisted in the development of a student housing project for Capitol Technology University. The land underlying the project is subleased from CTU Foundation, Inc. (CTU Foundation) and leased from Capitol Technology University and title to the Project will revert to CTU Foundation upon termination of the sublease. In accordance with GASB 60, the arrangement between MEDCO and CTU Foundation qualifies as a service concession arrangement.

MEDCO also assists in the operations of three parking garages for the City of Baltimore. The land underlying the Project is leased from the City of Baltimore and title to the Project will revert to the City of Baltimore upon termination of the lease. In accordance with GASB 60, the arrangement between MEDCO and the City of Baltimore qualifies as a service concession arrangement.

MEDCO will operate and collect revenues from the Projects for the duration of the lease terms. GASB 60 requires that the Projects recognize the cost of the student housing facilities and parking garages as an intangible asset, and amortize the asset using the straight line method over the shorter of the estimated useful life or the life of the ground lease agreement. The intangible asset is reflected as right to use buildings in the accompanying statements of net position as of June 30, 2021 and 2020.

Service concession arrangements are evaluated for impairment on an annual basis under GASB Statement No. 51, *Accounting and Financial Reporting for Impairment of Intangibles* (GASB 51). GASB 51 requires an evaluation of prominent events or changes in circumstances affecting intangibles to determine whether impairment of an intangible has occurred. Such events or changes in circumstances that may be indicative of impairment include expedited deterioration of an associated tangible asset, changes in the terms or status of a contract associated with an intangible asset, and a change from an indefinite to a finite useful life. As of June 30, 2021 and 2020, management does not believe that any of the service concession arrangements of MEDCO meet the criteria for impairment as set forth in GASB 51.

Capital Assets and Depreciation and Amortization

Capital assets are carried at cost including interest, carrying charges, salaries and related costs incurred during the construction phase, and pre-construction costs, less accumulated depreciation and amortization. Depreciation generally is computed on the straight-line basis over the estimated useful lives of the assets. Useful lives are 40 years or the life of the operating lease for buildings and 3 to 15 years for furnishings and equipment. Improvements are generally amortized over the lesser of the terms of the related leases or the useful lives of the assets. Maintenance and repairs are expensed as incurred.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets and Depreciation and Amortization – continued

Capital assets are evaluated for impairment on an annual basis under GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (GASB 42). GASB 42 requires an evaluation of prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. As of June 30, 2021 and 2020, management does not believe that any of the capital assets of MEDCO meet the criteria for impairment as set forth in GASB 42.

Acquisition and development, including interest on related debt, are expensed as incurred. All costs are classified as construction in progress until the property is ready for its intended use, at which time the accumulated costs are transferred to the appropriate operating property or other accounts.

Reserve Deposits

Reserve deposits consist of amounts collected from the University of Maryland College Park for the UMCP Energy Project, to be used in accordance with the Project's respective service and management agreements. Reserve deposits totaled $7,861,596 and $7,527,500 as of June 30, 2021 and 2020, respectively.

Security Deposits Liabilities

As of June 30, 2021 and 2020, security deposits had been collected from certain tenants and licensees. In some operating facilities the security deposit is refunded to the tenant with interest upon termination of the lease or license, provided no damages, claims or other charges are outstanding on the tenant's account. In other operating facilities the security deposit is applied to the tenant's first month's rent. Security deposits totaled $661,686 and $357,890 as of June 30, 2021 and 2020, respectively.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advances

Advances represent funds received from third parties, which are non-interest bearing and are to be repaid or utilized in future years. Advances as of June 30, 2021 and 2020 are as follows:

Respective Operating Facility	Advancer of Funds	2021	2020
MEDCO - for the benefit of Maryland State Archives	Maryland State Archives	$ 349,727	$ 455,206
MEDCO - for the benefit of Maryland National Park and Planning Commission	Maryland National Park and Planning Commission	1,640	7,000
MEDCO - for the benefit of Montgomery County Dept of Economic Development	Montgomery County	-	449,062
MEDCO - for the benefit of University of Maryland College Park Child Care Facility	University of Maryland College Park	42,751	1,196,944
MEDCO - for the benefit of University of Maryland, Baltimore Community Engagement Center	University of Maryland, Baltimore	12,686	1,134,695
MEDCO - for the benefit of University of Maryland College Park City Hall Project	University of Maryland College Park	9,919,171	25,813,561
MEDCO - for the benefit of National Institute of Standards and Technology	National Institute of Standards and Technology	389,913	467,402
MEDCO - for the benefit of National Park Service	National Park Service, US Department of Interior	3,232,672	12,509,201
Christa McAuliffe Student Housing at Bowie State University	Bowie State University	3,062	30,530
Bowie Mixed Use Building at Bowie State University	Bowie State University	2,528,630	4,981,313
Rockville Innovation Center	Montgomery County	-	31,665
Fayette Square Student Housing at University of Maryland, Baltimore	University of Maryland, Baltimore	35,833	92,174
NCCoE - for the benefit of Montgomery County Dept of Economic Development	Montgomery County	-	325,030
Total advances		$16,516,085	$47,493,783

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Net Position

Net position is presented as either net investment in capital assets, restricted under trust indentures, restricted for capital and other purposes or unrestricted. Net investment in capital assets represents the difference between capital assets and right to use buildings and the related debt obligations. Net position restricted under trust indentures represents the remaining net assets of the operating facilities as all surplus funds are restricted as to their use under the terms of the respective trust indentures. The restricted for capital and other purposes component of net position represents funds held for use at the direction of the respective contributing third party. The unrestricted components of net position represent the net assets available for future operations, including Projects with a negative net position. The unrestricted components of net position include unrestricted – MEDCO and unrestricted – Projects. Unrestricted net position is reported in this format as MEDCO has no obligation to provide funding for Projects with a negative unrestricted net position.

Revenue Recognition

Revenues related to the leasing of apartments and office space are recognized monthly over the terms of the leases. Revenues related to hotel room rentals, food and beverage sales and spa services are recognized when services are delivered. Revenues related to the delivery of energy to the University of Maryland are recognized upon delivery of services in accordance with the energy services agreement up to a maximum amount per year for capital recovery charges as defined in the related trust indenture. Revenue from parking fees is collected and recognized daily for transient parkers and monthly for long-term parkers as stipulated in their agreement. Revenue billed or received but not earned is shown as deferred inflow of resources in the accompanying statements of net position. All other revenue is recognized when the service is provided.

Rents and Fees Collected in Advance

Rents and fees collected in advance represent amounts received for future rental periods on leases or parking agreements in effect as of June 30, 2021 and 2020.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until a future period. As of June 30, 2021 and 2020, MEDCO recognized deferred advance refunding costs as a deferred outflow of resources on the accompanying statements of net position.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2021 and 2020, MEDCO recognized deferred advance refunding gains, and rents and fees collected in advance, which do not meet the availability criteria, as a deferred inflow of resources on the accompanying statements of net position.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $800,745 and $898,254 for the years ended June 30, 2021 and 2020, respectively.

Classification of Revenues and Expenses

Revenues and expenses related to the day-to-day activities of MEDCO are reported as operating revenues and expenses. Other revenue and expenses, consisting primarily of interest income and expense, gains and losses on sales and retirements of assets, settlement income, bond issuance costs, and surplus fund distributions, are reported as non-operating revenues and expenses.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This new guidance is effective for annual reporting periods beginning after June 15, 2021 and should be applied prospectively. Early adoption is permitted. MEDCO is currently evaluating the impact of adopting the new Statement on the accompanying financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangement associated with conduit debt obligations and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation and improves required note disclosures. This new guidance is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted. MEDCO is currently evaluating the timing of its adoption and the impact of adopting the new Statement on the accompanying financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. This new guidance is effective for fiscal years beginning after June 15, 2022 and should be applied prospectively. Early adoption is permitted. MEDCO is currently evaluating the timing of its adoption and the impact of adopting the new Statement on the accompanying financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Subsequent Events

MEDCO has evaluated for disclosure any subsequent events through October 25, 2021, the date the financial statements were available to be issued, and determined there were no material events that warrant disclosure, except as disclosed in Note 4 and Note 11.

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED

Pursuant to the provisions of the trust indentures relating to certain bonds payable (Note 8), deposits with bond trustees include the following reserve funds and restricted accounts as of June 30,:

	2021	2020
Current Assets:		
Working capital and operating expense funds	$ 172,660	$ 419,561
Revenue funds	6,690,392	785,188
Interest funds	7,162,514	9,579,446
Principal funds	7,754,322	7,034,061
Construction funds	2	411,745
Other funds	8,905,963	703,525
Current portion	30,685,853	18,933,526
Non-current Assets:		
Debt service reserve funds	43,068,814	37,337,179
Surplus funds	959,544	1,103,399
Repairs and replacement funds	11,350,742	7,481,727
Construction funds	60,550,045	36,377,100
Operating reserve funds	2,580,978	1,796,020
Capital reserve funds	4,649,289	5,416,110
Other funds	5,883,140	10,593,620
Non-current portion	129,042,552	100,105,155
Total deposits with bond trustees	$ 159,728,405	$ 119,038,681

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

The trust indentures authorize MEDCO or its trustee banks to invest the deposits as detailed under *Credit Risk* below. Interest earned on these investments totaled approximately $424,000 and $1,677,000 for the years ended June 30, 2021 and 2020, respectively. Investments of deposits with trustees are carried at fair value and include non-participating investment contracts (i.e., contracts which are not able to realize market-based increases or decreases in value under any circumstances) for which cost approximates fair value due to the nature of the contract. Investments of deposits with trustees are summarized as follows as of June 30,:

	2021	2020
Purchase and resale agreements:		
Bearing interest at rates from 5.76% to 6.36% and maturing through June 1, 2031	$ 3,765,830	$ 3,765,830
Government obligations:		
United States government bonds purchased at a discount and matured on September 25, 2020	-	13,006,219
United States treasury notes bore interest at 2.625% and matured on August 15, 2020	-	8,099,387
Certificates of deposit:		
Certificate of deposit matured in monthly installments from December 1, 2020 through June 30, 2021 and bore interest at 0.58%	-	21,824,399
Certificate of deposit maturing in semi-annual installments from July 1, 2020 through July 1, 2022 and bearing interest at 0.67%	3,315,983	1,832,286
Money market funds:		
United States government money market funds	152,646,592	70,510,560
Total deposits with bond trustees	$ 159,728,405	$ 119,038,681

The credit ratings of these investments were rated between AAA and A2 by Moody's and AA and A+ by Standard and Poor's as of June 30, 2021. The credit ratings of these investments were rated between AAA and A1 by Moody's and AA and A+ by Standard and Poor's as of June 30, 2020.

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

The deposits with bond trustees are subject to certain risks including the following:

Interest Rate Risk – The trustees have limited investments to money market and mutual funds that invest in U.S. government securities that can be liquidated at any time to meet the cash flow requirements of MEDCO, short term U.S. treasury notes which are subject to minimal interest rate risk due to their short term nature and fixed rate investment contracts and repurchase agreements that are guaranteed as to the face value of the investments as a means of managing interest rate risk. As a result, MEDCO is not subject to interest rate risk.

Credit Risk – Trust indentures generally limit MEDCO's investments to obligations of the United States of America (Government Obligations) and certain defined federal agencies obligations provided they are backed by the full faith and credit of the United States of America, are not callable at the option of the obligor prior to maturity and are not subject to redemption at less than the par amount thereof; certificates of deposit and time deposits with commercial banks, trust companies or savings and loan associations secured by Government Obligations; obligations guaranteed as to principal and interest by the State of Maryland or any department, agency, political subdivision or unit thereof; United States dollar denominated deposit accounts with commercial banks in the State of Maryland; bonds or other obligations of any state of the United States of America, or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity; general obligations of states; investment agreements; repurchase agreements for Government Obligations; guaranteed investment contracts; commercial paper; public sector pool funds so long as MEDCO's deposit does not exceed 5% of the aggregate pool balance at any time; and money market or short-term Government Obligations. As defined in the trust indentures, certain investments listed above must meet specific requirements to be a qualifying investment, such as high rating qualifications based on information from the major rating agencies, collateralization requirements, guaranteed repayment, and maturity requirements. MEDCO's investments were in compliance with these limitations as of June 30, 2021 and 2020.

Concentration of Credit Risk –MEDCO's investment policy does not limit the amount that may be invested in any one issuer except for public sector pool funds as described under *Credit Risk* above. MEDCO held no investments in public sector pool funds as of June 30, 2021 and 2020.

Custodial Risk – MEDCO is not subject to custodial risk because mutual funds are not evidenced by securities that exist in physical form and all other deposits are held in MEDCO's name.

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

The trust indentures require certain of the Projects to establish renewal and replacement funds to provide cash reserves that will fund future capital additions and repairs and replacement of furnishings and equipment. These funds are to be segregated in a separate account within the trusts. As of June 30, 2021 the repair and replacement funds were underfunded at Christa McAuliffe Student Housing at Bowie State University (Bowie), $635,000, CBCC, $1,259,000, Edgewood Commons Student Housing at Frostburg State University (Frostburg), $286,000, West Village (Towson WV) and Millennium Hall (Towson MH) Student Housing at Towson University, $1,619,000, Walker Avenue Student Housing at University of Maryland, Baltimore County (UMBC), $469,000, and University Village, $533,000. As of June 30, 2020, the repair and replacement funds were underfunded at Bowie, $312,000, CBCC, $61,000, University Park Phase I and II at Salisbury University (Salisbury), $114,000, Towson WV and Towson MH, $715,000, and UMCP Housing, $1,249,000. As of October 25, 2021, the shortfalls have not been funded.

Investments are measured and reported at fair value and are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

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 management judgment or estimation.

The following table sets forth by level, within the fair value hierarchy, MEDCO's investments at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Debt securities				
Purchase and resale agreements	$ -	$ 3,765,830	$ -	$ 3,765,830
Certificates of deposit	-	3,315,983	-	3,315,983
Total investments by fair value level	$ -	$ 7,081,813	$ -	$ 7,081,813

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

The following table sets forth by level, within the fair value hierarchy, MEDCO's investments at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Debt securities				
Purchase and resale agreements	$ -	$ 3,765,830	$ -	$ 3,765,830
U.S. treasury obligations	21,105,606	-	-	21,105,606
Certificates of deposit	-	23,656,685	-	23,656,685
Total investments by fair value level	$ 21,105,606	$ 27,422,515	$ -	$ 48,528,121

As described above, MEDCO's Level 1 and Level 2 investments are required to be invested in accordance with the trust indenture. As such they must meet specific requirements to be a qualifying investment, such as high rating qualifications, collateralization requirements, guaranteed repayment and maturity requirements. MEDCO's investments were in compliance with these limitations as of June 30, 2021 and 2020.

MEDCO also invests in a money market fund that has a remaining maturity of one year or less at the time of purchase. The investment in this fund is valued at cost, which approximates fair value, and is excluded from the scope of GASB 72, *Fair Value Measurement and Application*, and totaled $152,646,592 and $70,510,560 as of June 30, 2021 and 2020, respectively.

3. LOANS RECEIVABLE

The loans receivable are due in periodic installments (generally monthly or quarterly) and generally provide for payments of principal and interest on the same terms as the debt issued to finance them. Substantially all of the loans have been assigned as security for the related notes or revenue bonds payable (Note 8).

Future payments on the loans receivable are due as follows as of June 30, 2021:

	Total	**Principal**	**Interest**
2022	$ 28,000	$ 25,000	$ 3,000
2023	27,000	25,000	2,000
2024	26,000	25,000	1,000
2025	25,000	25,000	-
Total	$ 106,000	$ 100,000	$ 6,000

As of June 30, 2021 and 2020, there was one loan receivable totaling $730,908 recorded in the accompanying financial statements, on non-accrual status and fully reserved. Balances due under this loan are not reflected in the table above.

4. RECEIVABLES UNDER DIRECT FINANCING LEASES

The leasing operations of MEDCO consist primarily of the leasing of office buildings and other facilities. The receivables under financing leases are summarized as follows as of June 30,:

	2021	2020
Total minimum rent payments to be received over lease terms	$ 1,318,297	$ 1,525,981
Unearned income	(310,991)	(355,715)
Receivables under direct financing leases	$ 1,007,306	$ 1,170,266

The minimum rent payments to be received from tenants under direct financing leases in effect as of June 30, 2021 are as follows:

2022	$ 67,086
2023	80,451
2024	109,380
2025	109,380
2026	191,731
2027-2031	382,628
2032-2036	377,641
Total	$ 1,318,297

In April 2021, a tenant expressed their intent to exercise a purchase option with MEDCO, as stipulated within their lease agreement, at a purchase price of approximately $845,000. The purchase option was subsequently executed in July 2021.

As of June 30, 2021 and 2020, notes payable related to direct financing leases totaled $37,161 and $82,710, respectively, and are included in bonds and notes payable in the accompanying financial statements.

5. RIGHT TO USE BUILDINGS

Pursuant to GASB 60 and the service concession arrangements between MEDCO and certain student housing projects of the University System of Maryland, CTU Foundation, and the City of Baltimore, the Projects have recorded a right to use buildings asset on the accompanying statements of net position. Under GASB 60, any costs of improvements made to the facilities during the term of the service concession arrangements increases the right to use buildings asset. The right to use buildings assets are required to be amortized in a systematic and rational manner. The Projects have amortized the right to use buildings assets using the straight-line method over the lesser of the term of the lease or the useful lives of the underlying assets to which the Projects have the right to use. The portion of the right to use buildings asset attributable to the underlying buildings and improvements is being amortized over a useful life of 17 to 39 years and 10 months using the straight-line method, and the portion attributable to furnishings and equipment is being amortized over 3 to 10 years using the straight-line method.

5. RIGHT TO USE BUILDINGS - continued

Right to use building activity for the years ended June 30, 2021 and 2020 is summarized as follows:

2021	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 393,940,140	$ 49,173,038	$ (346,023)	$ 442,767,155
Furnishings and equipment	55,350,198	3,232,057	(2,392,889)	56,189,366
	449,290,338	52,405,095	(2,738,912)	498,956,521
Less: accumulated amortization	(179,783,094)	(16,150,087)	2,406,474	(193,526,707)
Right to use buildings, net	$ 269,507,244	$ 36,255,008	$ (332,438)	$ 305,429,814

2020	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 384,168,868	$ 10,061,556	$ (290,284)	$ 393,940,140
Furnishings and equipment	53,922,791	4,970,888	(3,543,481)	55,350,198
	438,091,659	15,032,444	(3,833,765)	449,290,338
Less: accumulated amortization	(166,780,934)	(16,418,234)	3,416,074	(179,783,094)
Right to use buildings, net	$ 271,310,725	$ (1,385,790)	$ (417,691)	$ 269,507,244

6. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2021 and 2020 is summarized as follows:

2021	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$194,131,416	$ 347,833	$ (242,926)	$ 194,236,323
Furnishings and equipment	91,248,488	877,295	(455,307)	91,670,476
Construction in progress	-	381,098	-	381,098
	285,379,904	1,606,226	(698,233)	286,287,897
Less: accumulated depreciation	(171,336,432)	(9,017,181)	661,475	(179,692,138)
Net capital assets	$114,043,472	$ (7,410,955)	$ (36,758)	$ 106,595,759

2020	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$194,131,416	$ -	$ -	$ 194,131,416
Furnishings and equipment	90,589,368	2,579,031	(1,919,911)	91,248,488
	284,720,784	2,579,031	(1,919,911)	285,379,904
Less: accumulated depreciation	(163,459,295)	(9,797,048)	1,919,911	(171,336,432)
Net capital assets	$121,261,489	$ (7,218,017)	$ -	$ 114,043,472

7. OPERATING FACILITIES

Operating facilities in operation or development during the years ended June 30, 2021 and 2020 included the following:

- Christa McAuliffe Student Housing at Bowie State University (Bowie), an apartment project located in Prince George's County, Maryland. The project accepted its first residents in September 2004.

- Bowie Mixed Use Facility Student Housing at Bowie State University (Bowie Mixed Use), an apartment project currently under construction which is located in Prince George's County, Maryland. Construction began during 2020 with total construction costs of approximately $41,781,000 as of June 30, 2021. The project was completed and opened in August 2021.

- Baltimore City Garages (City Garages), three parking garages located in Baltimore, Maryland. The project began operations in August 2018.

7. OPERATING FACILITIES – continued

- CTU Foundation Student Housing at Capitol Technology University (CTU), an apartment project located in Prince George's County, Maryland. The project was completed and opened in August 2018.

- Chesapeake Bay Conference Center (CBCC), a hospitality project located in Cambridge, Maryland. The project was completed and opened in August 2002.

- Edgewood Commons Student Housing at Frostburg State University (Frostburg), an apartment project located in Garrett County, Maryland. The project was completed and opened in August 2003.

- Owings Mills Metro Centre Garage (Metro Centre), a parking garage located in Owings Mills, Maryland. The project was completed and opened in December 2014.

- Morgan View and Thurgood Marshall Hall Student Housing at Morgan State University (Morgan), an apartment project located in Baltimore City, Maryland. Morgan View was completed and opened in August 2003. Construction of Thurgood Marshall Hall began in 2021 with total construction costs of approximately $14,826,000. Occupancy is currently expected to begin in August 2022.

- National Cybersecurity Center of Excellence (NCCoE), (formerly William Hanna Innovation Center), an office/laboratory facility designed for use by biotechnology and computer technology companies located in Montgomery County, Maryland. During the year ended June 30, 2015, the project ceased operations and was repurposed for use by the National Institute of Standards and Technology (NIST). The redevelopment was completed and re-opened in January 2016. The total costs of construction for the repurposing of the building was approximately $12,969,000. The project was disposed of in August 2018 with a final distribution of remaining assets occurring in April 2021.

- Rockville Innovation Center (RIC), an office facility designed for use by technology companies located in Montgomery County, Maryland. The project was completed and opened in June 2007. The project was disposed of in August 2018 with a final distribution of remaining assets occurring in April 2021.

- University Park Phase I and II at Salisbury University (Salisbury), an apartment project located in Wicomico County, Maryland. University Park II was completed and opened in August 2004. In July 2012, MEDCO acquired University Park I.

- West Village (Towson WV) and Millennium Hall (Towson MH) Student Housing at Towson University, an apartment project located in Baltimore County, Maryland. West Village was completed and opened in August 2008. In July 2012, MEDCO acquired Millennium Hall.

- Fayette Square Student Housing at University of Maryland, Baltimore (UMAB), an apartment project located in Baltimore City, Maryland. The project was completed and opened in August 2004.

- Walker Avenue Student Housing at University of Maryland, Baltimore County (UMBC), an apartment project located in Baltimore County, Maryland. The first phase of the project was completed and opened in August 2003. The second phase of the project was completed and opened in August 2004.

7. OPERATING FACILITIES – continued

- The University of Maryland, College Park, Energy and Utility Infrastructure Program (UMCP Energy), a program under which MEDCO leases land, certain energy conversion facilities and steam, electricity and chilled water delivery systems at the UMCP campus in Prince George's County, Maryland, and provides energy conversion, delivery and related services to UMCP. The Program began in August 1999.

- South Campus Commons and The Courtyards at University of Maryland, College Park (UMCP Housing), an apartment project located in Prince George's County, Maryland. The project consists of seven student residential housing buildings known as University of Maryland, College Park South Campus Commons and seven garden style apartments known as The Courtyards at University of Maryland, College Park. MEDCO originally acquired only South Campus Commons Phase II in July 2003, at which time development of the first of three building of that phase was substantially completed. It was opened to residents in August 2003. Construction of two additional buildings in the South Campus Commons Phase II was completed and opened to residents in August 2004. In April 2006, MEDCO acquired The Courtyards at the University of Maryland and South Campus Commons Phase I. In August 2008 construction began on a seventh student residential housing building in South Campus Commons which opened for occupancy in January 2010.

- University Village at Sheppard Pratt (University Village), an apartment project located in Baltimore County, Maryland. The project was completed and opened in August 2002.

The operating facilities, with the exception of NCCoE which was leased to a single federal technology agency, are managed for MEDCO by independent management companies that provide management, administrative and other services pursuant to management agreements. The agreements generally provide for base and incentive fees and reimbursement of certain costs incurred by the managers in connection with the operation of the facilities.

Operating expenses of the operating facilities include fees to MEDCO (eliminated in consolidation) and totaled $1,664,054 and $1,626,530, for the years ended June 30, 2021 and 2020, respectively. Net non-operating expenses for the years ended June 30, 2021 and 2020 include interest expense related to debt service of operating facilities totaling $30,245,919 and $27,771,657, respectively.

The operating facilities are considered segments of MEDCO for financial reporting purposes. Financial statements of each facility in operation during the years ended June 30, 2021 and 2020 are included on the following pages:

Statement of Net Position
As of June 30, 2021

		Operating Facilities																		
Assets	MEDCO, exclusive of operating facilities	Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	NCCoE	RIC	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
Current Assets:																				
Cash and cash equivalents	$ 34,373,806	$ 1,093,753	$ -	$ 34,322	$ 28,654	$ 1,883,732	$ 375,181	$ 273,010	$ 570,878	$ -	$ -	$ 677,322	$ 1,084,891	$ 421,474	$ 906,000	$ -	$ 2,579,449	$ 833,951	$ -	$ 45,136,423
Short-term investments	6,406,545	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,406,545
Security deposits	-	-	-	-	-	-	-	-	172,249	-	-	-	-	-	-	-	-	38,102	-	210,351
Deposits with bond trustees — restricted	-	119,585	4,155	293,842	249,752	9,620,089	625,649	1,189,109	9,973,081	-	-	617,516	2,869,678	1,642,754	1,242,218	-	840,542	1,397,883	-	30,685,853
Funds for replacement of and additions to																				
furnishings and equipment	-	-	-	-	-	413,932	-	-	-	-	-	-	-	-	-	-	-	-	-	413,932
Loans receivable, net	189,969	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,969)	25,000
Receivables under direct financing leases	32,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,855
Rent and other receivables, net	1,400,927	64,045	-	50,532	36,386	896,927	63,838	-	340,002	-	-	41,151	60,394	40,059	200,014	2,752,334	371,272	300,501	(669,428)	5,948,954
Related party receivable	241,868	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,702,989	-	-	(9,944,857)	-
Interest receivable, net	19,783	5,552	-	152	10	79	17	46	613	-	-	30	-	27	31	1,000	11,271	-	(13,149)	25,462
Inventory	-	-	-	-	-	257,891	-	-	-	-	-	-	-	-	-	-	-	-	-	257,891
Prepaid expenses and other assets	199,046	18,954	-	611,368	5,358	201,610	16,262	-	72,495	-	-	49,742	126,888	31,732	31,205	52,338	140,721	56,435	-	1,614,154
Total Current Assets	42,864,799	1,301,889	4,155	990,216	320,160	13,274,260	1,080,947	1,462,165	11,129,318	-	-	1,385,761	4,141,851	2,136,046	2,379,468	12,508,661	3,943,255	2,626,872	(10,792,403)	90,757,420
Non-current Assets:																				
Long-term investments	75,000	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	75,000
Deposits with bond trustees — restricted	-	1,999,308	10,438,297	8,428,826	1,002,802	2,056,241	1,569,881	2,728,796	68,170,022	-	-	4,180,173	3,804,770	1,861,178	2,355,459	-	18,622,881	1,823,918	-	129,042,552
Loans receivable, net	424,998	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(349,998)	75,000
Receivables under direct financing leases	974,451	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	974,451
Related party receivable	8,518,073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,518,073)	-
Prepaid expenses and other assets	-	564	-	-	-	-	361	-	-	-	-	-	927,272	135	541	-	388,054	-	-	1,316,927
Right to use buildings, net of accumulated amortization	-	7,086,897	41,780,622	53,949,758	13,854,120	-	6,571,370	-	31,582,632	-	-	13,996,283	24,631,001	12,043,671	13,252,727	-	87,547,056	-	(866,323)	305,429,814
Capital assets:																				
Buildings and improvements	11,382,654	-	-	-	-	132,332,503	-	26,362,372	-	-	-	-	-	-	-	-	-	24,887,315	(728,521)	194,236,323
Furnishings and equipment	320,754	-	-	-	-	21,765,565	-	-	-	-	-	-	-	-	-	65,042,092	-	4,542,065	-	91,670,476
Construction in progress	1,405	-	-	-	-	103,791	-	-	-	-	-	-	-	-	-	-	-	275,902	-	381,098
	11,704,813	-	-	-	-	154,201,859	-	26,362,372	-	-	-	-	-	-	-	65,042,092	-	29,705,282	(728,521)	286,287,897
Less: accumulated depreciation and amortization	(3,265,749)	-	-	-	-	(90,766,162)	-	(5,861,872)	-	-	-	-	-	-	-	(65,042,092)	-	(15,148,681)	392,418	(179,692,138)
Net Capital Assets	8,439,064	-	-	-	-	63,435,697	-	20,500,500	-	-	-	-	-	-	-	-	-	14,556,601	(336,103)	106,595,759
Total Non-current Assets	18,431,586	9,086,769	52,218,919	62,378,584	14,856,922	65,491,938	8,141,612	23,229,296	99,752,654	-	-	18,176,456	29,363,043	13,904,984	15,608,727	-	106,557,991	16,380,519	(10,070,497)	543,509,503
Total Assets	$ 61,296,385	$ 10,388,658	$ 52,223,074	$ 63,368,800	$ 15,177,082	$ 78,766,198	$ 9,222,559	$ 24,691,461	$ 110,881,972	$ -	$ -	$ 19,562,217	$ 33,504,894	$ 16,041,030	$ 17,988,195	$ 12,508,661	$ 110,501,246	$ 19,007,391	$ (20,862,900)	$ 634,266,923
Deferred Outflow of Resources:																				
Deferred advance refunding costs	-	40,847	-	-	-	2,967,397	175,474	-	554,842	-	-	96,566	-	222,967	-	-	1,602,595	142,734	-	5,803,422
Total Deferred Outflow of Resources	-	40,847	-	-	-	2,967,397	175,474	-	554,842	-	-	96,566	-	222,967	-	-	1,602,595	142,734	-	5,803,422
Liabilities and Net Position																				
Current Liabilities:																				
Accounts payable and accrued expenses	$ 2,678,919	$ 740,692	$ 1,059,246	$ 435,017	$ 134,608	$ 2,723,670	$ 278,390	$ 212,846	$ 4,554,154	$ -	$ -	$ 341,123	$ 1,529,469	$ 433,304	$ 928,260	$ 4,557,948	$ 3,549,770	$ 491,282	$ (669,428)	$ 23,979,270
Sales tax payable	-	-	-	-	-	435,242	-	-	-	-	-	-	-	-	-	-	-	-	-	435,242
Related party payable	9,702,989	-	190,000	-	-	50,048	-	1,820	-	-	-	-	-	-	-	-	-	-	(9,944,857)	-
Advances	13,948,560	3,062	2,528,630	-	-	-	-	-	-	-	-	-	-	35,833	-	-	-	-	-	16,516,085
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,861,596	-	-	-	7,861,596
Accrued interest	-	52,917	964,500	252,506	172,237	38,590,647	136,025	686,597	2,723,308	-	-	71,842	905,475	1,221,344	337,215	-	452,625	570,561	(13,149)	47,124,650
Advance deposits	-	-	-	-	-	2,441,334	-	-	-	-	-	-	-	-	-	-	-	-	-	2,441,334
Security deposits	-	-	-	-	-	-	-	-	170,517	-	-	-	-	-	-	-	490,500	669	-	661,686
Accrued ground rent	-	-	-	200,918	-	43,256,221	639,884	-	895,188	-	-	1,315,953	-	-	-	-	4,431,103	11,692,880	-	62,432,147
Bonds and notes payable	344,812	800,000	-	740,000	483,100	49,730,000	635,000	400,000	1,314,969	-	-	1,285,000	1,735,000	1,270,000	905,000	-	4,655,000	1,055,587	(164,969)	65,188,499
Deferred management and service fees payable	-	-	-	-	-	81,142,208	-	-	-	-	-	-	-	-	-	-	-	-	(8,099,408)	73,042,800
Total Current Liabilities	26,675,280	1,596,671	4,742,376	1,628,441	789,945	218,369,370	1,689,299	1,301,263	9,658,136	-	-	3,013,918	4,169,944	2,960,481	2,170,475	12,419,544	13,578,998	13,810,979	(18,891,811)	299,683,309
Non-current Liabilities:																				
Related party payable	-	-		-	-	418,665	-	-	-	-	-	-	-	-	-	-	-	-	(418,665)	-
Bonds and notes payable	7,015,834	12,221,228	50,126,971	64,839,356	12,268,525	132,085,231	10,874,017	31,225,677	109,104,954	-	-	16,913,922	38,418,525	23,813,709	16,025,487	-	121,804,193	17,523,032	(349,998)	663,910,663
Other liabilities	311,067	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	311,067
Total Non-current Liabilities	7,326,901	12,221,228	50,126,971	64,839,356	12,268,525	132,503,896	10,874,017	31,225,677	109,104,954	-	-	16,913,922	38,418,525	23,813,709	16,025,487	-	121,804,193	17,523,032	(768,663)	664,221,730
Total Liabilities	$ 34,002,181	$ 13,817,899	$ 54,869,347	$ 66,467,797	$ 13,058,470	$ 350,873,266	$ 12,563,316	$ 32,526,940	$ 118,763,090	$ -	$ -	$ 19,927,840	$ 42,588,469	$ 26,774,190	$ 18,195,962	$ 12,419,544	$ 135,383,191	$ 31,334,011	$ (19,660,474)	$ 963,905,039
Deferred Inflow of Resources:																				
Rents and fees collected in advance	57,074	184,027	-	16,220	32,105	-	64,321	-	539,486	-	-	222,485	554,408	272,940	263,931	52,338	611,820	118,539	-	2,989,694
Deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	-	-	162,902	-	65,235	-	-	-	-	228,137
Total Deferred Inflow of Resources	57,074	184,027	-	16,220	32,105	-	64,321	-	539,486	-	-	222,485	717,310	272,940	329,166	52,338	611,820	118,539	-	3,217,831
Net Position:																				
Net investments in capital assets	1,115,578	(5,893,484)	(8,346,349)	(11,629,598)	1,102,495	(106,412,137)	(4,762,173)	(11,125,177)	(78,282,449)	-	-	(4,106,073)	(15,685,426)	(12,817,071)	(3,742,995)	-	(37,309,542)	(3,879,284)	(687,459)	(302,461,144)
Restricted under trust indentures	-	2,321,063	5,700,076	8,514,381	984,012	-	1,532,569	3,289,698	70,416,687	-	-	3,614,531	5,884,541	2,033,938	3,206,062	-	13,418,372	-	-	120,915,930
Restricted for capital and other purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,779	-	-	-	36,779
Unrestricted-Projects	-	-	-	-	-	(162,727,534)	-	-	-	-	-	-	-	-	-	-	-	(8,423,141)	-	(171,150,675)
Unrestricted-MEDCO	26,121,552	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(514,967)	25,606,585
Total Net Position	$ 27,237,130	$ (3,572,421)	$ (2,646,273)	$ (3,115,217)	$ 2,086,507	$ (269,139,671)	$ (3,229,604)	$ (7,835,479)	$ (7,865,762)	$ -	$ -	$ (491,542)	$ (9,800,885)	$ (10,783,133)	$ (536,933)	$ 36,779	$ (23,891,170)	$ (12,302,425)	$ (1,202,426)	$ (327,052,525)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	MEDCO, exclusive of operating facilities	Operating Facilities																		
		Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	NCCoE	RIC	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
Operating Revenues:																				
Operating facilities	$ -	$ 3,814,262	$ -	$ 5,674,959	$ 1,170,102	$ 24,311,000	$ 2,600,782	$ 2,109,726	$ 6,236,804	$ -	$ -	$ 6,617,045	$ 6,992,616	$ 4,130,859	$ 3,508,276	$ 17,583,201	$ 26,456,681	$ 4,475,646	$ -	$ 115,681,959
Other property and equipment rentals	726,668	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	726,668
Consulting and management fees	4,152,660	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,111,649)	2,041,011
Total Operating Revenues	4,879,328	3,814,262	-	5,674,959	1,170,102	24,311,000	2,600,782	2,109,726	6,236,804	-	-	6,617,045	6,992,616	4,130,859	3,508,276	17,583,201	26,456,681	4,475,646	(2,111,649)	118,449,638
Operating Expenses:																				
Operating facilities	-	2,194,109	-	2,287,390	368,234	29,242,130	1,203,526	425,611	2,781,628	-	-	3,705,219	5,548,977	1,951,140	2,547,186	17,583,301	12,605,034	4,813,712	(1,664,054)	85,593,143
Rent	84,135	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84,135
Compensation and benefits	1,861,112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,861,112
Administrative and general	463,979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	463,979
Depreciation and amortization	495,477	867,066	-	1,589,936	845,724	6,522,289	693,772	903,168	1,139,378	-	-	1,261,338	2,210,091	1,091,504	1,200,360	-	5,275,703	1,118,048	(46,586)	25,167,268
Total Operating Expenses	2,904,703	3,061,175	-	3,877,326	1,213,958	35,764,419	1,897,298	1,328,779	3,921,006	-	-	4,966,557	7,759,068	3,042,644	3,747,546	17,583,301	17,880,737	5,931,760	(1,710,640)	113,169,637
Operating Income (Loss)	1,974,625	753,087	-	1,797,633	(43,856)	(11,453,419)	703,484	780,947	2,315,798	-	-	1,650,488	(766,452)	1,088,215	(239,270)	(100)	8,575,944	(1,456,114)	(401,009)	5,280,001
Non-operating Revenues and Expenses:																				
Interest income	139,925	671	114,318	3,635	334	985	565	577	5,493	-	-	70,190	22,540	553	813	21,246	202,590	804	(22,893)	562,346
Interest expense	(240,481)	(627,544)	(1,685,796)	(3,014,462)	(464,764)	(10,189,204)	(535,248)	(1,362,183)	(3,188,791)	-	-	(811,142)	(1,545,325)	(1,046,026)	(489,325)	-	(4,448,402)	(860,600)	22,893	(30,486,400)
Settlement income	17,086	-	-	-	-	-	-	-	19,813	-	-	-	-	39	-	-	-	-	-	36,938
Bond issuance costs	-	-	(23,074)	-	-	-	-	-	(657,455)	-	-	-	-	-	-	-	-	-	-	(680,529)
Gain (loss) on sales and retirements of assets	-	-	-	-	-	760	-	-	-	-	-	(137,809)	(175,023)	-	(9,822)	-	(9,784)	(36,758)	-	(368,436)
Net Non-operating Revenues (Expenses)	(83,470)	(626,873)	(1,594,552)	(3,010,827)	(464,430)	(10,187,459)	(534,683)	(1,361,606)	(3,820,940)	-	-	(878,761)	(1,697,808)	(1,045,434)	(498,334)	21,246	(4,255,596)	(896,554)	-	(30,936,081)
Changes in Net Position	1,891,155	126,214	(1,594,552)	(1,213,194)	(508,286)	(21,640,878)	168,801	(580,659)	(1,505,142)	-	-	771,727	(2,464,260)	42,781	(737,604)	21,146	4,320,348	(2,352,668)	(401,009)	(25,656,080)
Net Position, beginning of year	25,345,975	(3,698,635)	(1,051,721)	(1,902,023)	2,594,793	(247,498,793)	(3,398,405)	(7,254,820)	(6,360,620)	-	-	(1,263,269)	(7,336,625)	(10,825,914)	200,671	15,633	(28,211,518)	(9,949,757)	(801,417)	(301,396,445)
Net Position, end of year	$ 27,237,130	$ (3,572,421)	$ (2,646,273)	$ (3,115,217)	$ 2,086,507	$ (269,139,671)	$ (3,229,604)	$ (7,835,479)	$ (7,865,762)	$ -	$ -	$ (491,542)	$ (9,800,885)	$ (10,783,133)	$ (536,933)	$ 36,779	$ (23,891,170)	$ (12,302,425)	$ (1,202,426)	$ (327,052,525)

Statement of Cash Flows
For the Year Ended June 30, 2021

	MEDCO, exclusive of operating facilities	Operating Facilities																	Eliminations	Total
		Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	NCCoE	RIC	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village		
Cash Flows from Operating Activities:																				
Cash received from property and equipment rentals	$ 726,549	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 726,549
Cash received from consulting and management fees	3,447,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(966,335)	2,480,665
Cash received from guests	-	-	-	-	-	24,059,445	-	-	-	-	-	-	-	-	-	-	-	-	-	24,059,445
Cash received from customer charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,782,050	-	-	-	17,782,050
Cash received from parkers	-	-	-	5,674,544	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,674,544
Cash received from tenants	-	3,350,478	-	-	1,168,214	-	2,350,034	-	5,654,436	-	-	6,696,981	5,272,595	4,253,158	3,404,580	-	26,352,887	4,026,839	-	62,530,202
Cash received from tax increment financing	-	-	-	-	-	-	-	2,109,726	-	-	-	-	-	-	-	-	-	-	-	2,109,726
Cash paid for operating expenses	(1,199,364)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,199,364)
Cash paid for expenses of operating facilities	(1,820)	(1,289,232)	-	(2,213,333)	(496,104)	(16,783,940)	(897,833)	(416,223)	(2,937,357)	-	-	(2,295,303)	(2,508,436)	(1,794,547)	(2,031,501)	(17,782,050)	(10,070,248)	(1,736,289)	575,577	(62,678,639)
Net Cash and Cash Equivalents Provided by Operating Activities	2,972,365	2,061,246	-	3,461,211	672,110	7,275,505	1,452,201	1,693,503	2,717,079	-	-	4,401,678	2,764,159	2,458,611	1,373,079	-	16,282,639	2,290,550	(390,758)	51,485,178
Cash Flows from Non-capital Financing Activities:																				
Advances	(28,084,511)	-	-	-	-	-	-	-	-	(325,030)	(31,665)	-	-	-	-	-	-	-	-	(28,441,206)
Advances from (to) related party	(39,048)	-	-	-	-	39,048	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest payments on bonds and notes payable	(240,530)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(240,530)
Principal payments on bonds and notes payable	(349,084)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(349,084)
Net Cash and Cash Equivalents Provided by (Used in) Non-capital Financing Activities	(28,713,173)	-	-	-	-	39,048	-	-	-	(325,030)	(31,665)	-	-	-	-	-	-	-	-	(29,030,820)
Cash Flows from Capital and Related Financing Activities:																				
Payments of construction expenditures	-	-	(2,452,683)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,452,683)
Right to use buildings expenditures	-	(74,237)	(33,351,868)	(1,142,544)	(209,324)	-	(265,806)	-	(11,505,960)	-	-	(1,407,425)	(793,476)	(9,891)	(79,026)	-	(637,761)	-	390,758	(49,086,560)
Construction, development, and equipment expenditures	(289,781)	-	-	-	-	(285,309)	-	-	-	-	-	-	-	-	-	-	-	(1,031,136)	-	(1,606,226)
Proceeds from sale of capital assets	-	-	-	-	-	760	-	-	-	-	-	-	-	-	-	-	-	-	-	760
Proceeds from issuance of bonds and notes payable	-	-	-	-	-	-	-	-	84,322,721	-	-	-	-	-	-	-	-	-	-	84,322,721
Bond issuance expenditures	-	-	(23,074)	-	-	-	-	-	(657,455)	-	-	-	-	-	-	-	-	-	-	(680,529)
Net funding of funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	24,450	-	-	-	-	-	-	-	-	-	-	-	-	-	24,450
Interest paid	-	(672,999)	(1,634,292)	(3,057,800)	(479,054)	(2,078,126)	(556,300)	(1,379,756)	(1,252,470)	-	-	(911,699)	(1,864,331)	(1,132,200)	(691,830)	-	(5,607,900)	(865,337)	27,165	(22,156,929)
Principal payments on bonds and notes payable	-	(760,000)	-	(915,000)	(1,105,475)	-	(610,000)	(350,000)	(1,263,623)	-	-	(1,240,000)	(1,670,000)	(730,000)	(870,000)	-	(4,410,000)	(817,941)	158,623	(14,583,416)
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	(289,781)	(1,507,236)	(37,461,917)	(5,115,344)	(1,793,853)	(2,338,225)	(1,432,106)	(1,729,756)	69,643,213	-	-	(3,559,124)	(4,327,807)	(1,872,091)	(1,640,856)	-	(10,655,661)	(2,714,414)	576,546	(6,218,412)
Cash Flows from Investing Activities:																				
Principal payments received on direct financing leases	162,960	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162,960
Principal payments on loans receivable	183,623	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(158,623)	25,000
Related party receivable deposits	356,242	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(356,242)	-	-	-	-
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	334,096	-	-	-	334,096
Proceeds from settlement	17,086	-	-	-	-	-	-	-	19,813	-	-	-	-	39	-	-	-	-	-	36,938
Net sales (purchases) of deposits with bond trustees - restricted	-	(266,952)	37,347,599	1,646,345	909,051	(3,617,147)	139,557	40,050	(72,280,524)	-	-	(511,438)	1,026,215	(470,968)	413,276	-	(5,789,236)	724,448	-	(40,689,724)
Net purchases of investments	(205,054)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(205,054)
Interest received	147,057	(3,234)	114,318	3,568	446	972	566	641	4,880	-	-	70,185	22,540	549	908	22,146	202,272	804	(27,165)	561,453
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	661,914	(270,186)	37,461,917	1,649,913	909,497	(3,616,175)	140,123	40,691	(72,255,831)	-	-	(441,253)	1,048,755	(470,380)	414,184	-	(5,586,964)	725,252	(185,788)	(39,774,331)
Net Increase (Decrease) in Cash and Cash Equivalents	(25,368,675)	283,824	-	(4,220)	(212,246)	1,360,153	160,218	4,438	104,461	(325,030)	(31,665)	401,301	(514,893)	116,140	146,407	-	40,014	301,388	-	(23,538,385)
Cash and Cash Equivalents, beginning of year	59,742,481	809,929	-	38,542	240,900	523,579	214,963	268,572	466,417	325,030	31,665	276,021	1,599,784	305,334	759,593	-	2,539,435	532,563	-	68,674,808
Cash and Cash Equivalents, end of year	$ 34,373,806	$ 1,093,753	$ -	$ 34,322	$ 28,654	$ 1,883,732	$ 375,181	$ 273,010	$ 570,878	$ -	$ -	$ 677,322	$ 1,084,891	$ 421,474	$ 906,000	$ -	$ 2,579,449	$ 833,951	$ -	$ 45,136,423
Reconciliation of operating income (loss) to net cash and cash equivalents provided by operating activities:																				
Operating income (loss)	$ 1,974,625	$ 753,087	$ -	$ 1,797,633	$ (43,856)	$ (11,453,419)	$ 703,484	$ 780,947	$ 2,315,798	$ -	$ -	$ 1,650,488	$ (766,452)	$ 1,088,215	$ (239,270)	$ (100)	$ 8,575,944	$ (1,456,114)	$ (401,009)	$ 5,280,001
Adjustment to reconcile operating income (loss) to net cash and cash equivalents provided by operating activities:																				
Depreciation and amortization	495,477	867,066	-	1,589,936	845,724	6,522,289	693,772	903,168	1,139,378	-	-	1,261,338	2,210,091	1,091,504	1,200,360	-	5,275,703	1,118,048	(46,586)	25,167,268
Provision for (recovery of) doubtful accounts	14,822	472,890	-	-	(2,661)	(34,468)	184,790	-	247,116	-	-	42,903	1,868,993	14,454	17,448	-	620,759	148,380	-	3,595,426
Changes in operating assets and liabilities:																				
Tenant security deposits	-	-	-	-	-	-	-	-	625	-	-	-	-	-	-	-	492,057	(15)	-	492,667
Rent and other receivables	1,370,495	(535,688)	-	76,185	(25,206)	(473,312)	(183,289)	-	(462,660)	-	-	(35,452)	(1,924,668)	(20,795)	(204,507)	218,094	(759,654)	(265,022)	325,525	(2,899,954)
Related party receivable	(819,789)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,617)	-	-	823,406	-
Inventory	-	-	-	-	-	3,422	-	-	-	-	-	-	-	-	-	-	-	-	-	3,422
Prepaid expenses and other assets	(169,597)	656	-	(80,909)	(438)	91,235	(75)	-	21,445	-	-	(6,255)	37,657	284,742	123	19,245	16,826	1,423	-	216,078
Accounts payable and accrued expenses	(199,539)	458,799	-	74,057	(92,600)	4,528,937	127,189	7,568	(39,427)	-	-	57,315	1,133,891	(86,262)	498,114	(214,377)	2,106,863	304,414	(268,688)	8,396,254
Sales tax payable	-	-	-	-	-	376,428	-	-	-	-	-	-	-	-	-	-	-	-	-	376,428
Related party payable	1,797	-	-	-	-	-	-	1,820	-	-	-	-	-	-	-	-	-	-	(3,617)	-
Advances	-	(27,468)	-	-	-	-	-	-	-	-	-	-	-	(56,341)	-	-	-	-	-	(83,809)
Advance deposits	-	-	-	-	-	221,757	-	-	-	-	-	-	-	-	-	-	-	-	-	221,757
Security deposits	-	-	-	-	-	-	-	-	(68,279)	-	-	-	-	-	-	-	373,275	(1,200)	-	303,796
Accrued ground rent	-	-	-	-	(32,171)	-	(6,211)	-	(384,863)	-	-	1,315,953	-	-	-	-	(209,662)	2,623,206	-	3,306,252
Deferred management and service fees payable	-	-	-	-	-	7,492,636	-	-	-	-	-	-	-	-	-	-	-	-	(819,789)	6,672,847
Deferred inflow of resources - rents and fees collected in advance	(119)	71,904	-	4,309	23,318	-	(67,459)	-	(52,054)	-	-	115,388	204,647	143,094	100,811	(19,245)	(209,472)	(182,570)	-	132,552
Other liabilities	304,193	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	304,193
Net cash and cash equivalents provided by operating activities	$ 2,972,365	$ 2,061,246	$ -	$ 3,461,211	$ 672,110	$ 7,275,505	$ 1,452,201	$ 1,693,503	$ 2,717,079	$ -	$ -	$ 4,401,678	$ 2,764,159	$ 2,458,611	$ 1,373,079	$ -	$ 16,282,639	$ 2,290,550	$ (390,758)	$ 51,485,178
Schedule of non-cash capital and related financing activities:																				
Loss on sales and retirements of assets, net	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (137,809)	$ (175,023)	$ -	$ (9,822)	$ -	$ (9,784)	$ (36,758)	$ -	$ (369,196)
Construction, development, and equipment expenditures included in accounts payable and accrued expenses	-	-	1,059,455	-	-	-	-	-	3,819,581	-	-	-	-	-	-	-	-	-	-	4,879,036
Amortization of lease allowance	29,828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,828
Amortization of issue premium on bonds	-	48,450	252,570	45,215	-	-	39,124	11,011	221,461	-	-	110,184	268,947	130,651	174,551	-	1,348,989	130,311	-	2,781,464
Amortization of issue discount on bonds	-	-	9,366	6,307	-	176,723	-	-	7,946	-	-	296	-	-	-	-	-	-	-	200,638
Amortization of deferred inflow of resources - deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	-	-	16,277	-	10,554	-	-	-	-	26,831
Amortization of deferred outflow of resources - deferred advance refunding costs	-	6,161	-	-	-	488,007	24,172	-	66,099	-	-	13,464	-	20,827	-	-	204,191	19,804	-	842,725

Statement of Net Position
As of June 30, 2020

		Operating Facilities																		
Assets	MEDCO, exclusive of operating facilities	Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	NCCoE	RIC	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
Current Assets:																				
Cash and cash equivalents	$ 59,742,481	$ 809,929	$ -	$ 38,542	$ 240,900	$ 523,579	$ 214,963	$ 268,572	$ 466,417	$ 325,030	$ 31,665	$ 276,021	$ 1,599,784	$ 305,334	$ 759,593	$ -	$ 2,539,435	$ 532,563	$ -	$ 68,674,808
Short-term investments	6,176,491	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,176,491
Tenant security deposits	-	-	-	-	-	-	-	-	172,874	-	-	-	-	-	-	-	492,057	38,087	-	703,018
Deposits with bond trustees — restricted	-	119,418	-	314,734	323,368	6,003,156	599,625	1,200,729	1,727,241	-	-	323,220	3,049,819	1,502,235	1,224,621	-	846,371	1,698,989	-	18,933,526
Funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	438,382	-	-	-	-	-	-	-	-	-	-	-	-	-	438,382
Loans receivable, net	183,624	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(158,624)	25,000
Receivables under direct financing leases	91,735	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,735
Rent and other receivables, net	2,771,422	1,247	-	126,717	8,519	389,147	65,339	-	124,458	-	-	48,602	4,719	33,718	12,955	2,970,428	232,377	183,859	(343,903)	6,629,604
Related party receivable	201,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,343,130	-	-	(9,544,130)	-
Interest receivable, net	41,737	1,647	-	85	122	66	18	110	-	-	-	25	-	23	126	1,900	10,953	-	(17,421)	39,391
Inventory	-	-	-	-	-	261,313	-	-	-	-	-	-	-	-	-	-	-	-	-	261,313
Prepaid expenses and other assets	29,449	18,257	-	530,459	4,920	292,845	15,104	-	93,940	-	-	43,487	110,000	316,609	29,703	71,583	139,613	57,858	-	1,753,827
Total Current Assets	69,237,939	950,498	-	1,010,537	577,829	7,908,488	895,049	1,469,411	2,584,930	325,030	31,665	691,355	4,764,322	2,157,919	2,026,998	12,387,041	4,260,806	2,511,356	(10,064,078)	103,727,095
Non-current Assets:																				
Long-term investments	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000
Deposits with bond trustees — restricted	-	1,732,523	47,790,051	10,054,279	1,838,237	2,056,027	1,735,462	2,757,226	4,135,338	-	-	3,963,031	4,650,844	1,530,729	2,786,332	-	12,827,816	2,247,260	-	100,105,155
Loans receivable, net	614,966	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(514,966)	100,000
Receivables under direct financing leases	1,078,531	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,078,531
Related party receivable	7,698,284	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,698,284)	-
Prepaid expenses and other assets	-	1,917	-	-	-	-	1,444	-	-	-	-	-	981,817	-	2,166	-	405,988	-	-	1,393,332
Right to use buildings, net of accumulated amortization	-	7,879,726	8,872,963	54,397,150	14,490,520	-	6,999,336	-	17,396,469	-	-	13,988,005	26,222,639	13,125,284	14,383,883	-	92,194,782	-	(443,513)	269,507,244
Capital assets:																				
Buildings and improvements	11,310,153	-	-	-	-	132,332,503	-	26,362,372	-	-	-	-	-	-	-	-	-	24,854,909	(728,521)	194,131,416
Furnishings and equipment	283,950	-	-	-	-	21,683,493	-	-	-	-	-	-	-	-	-	65,042,092	-	4,238,953	-	91,248,488
	11,594,103	-	-	-	-	154,015,996	-	26,362,372	-	-	-	-	-	-	-	65,042,092	-	29,093,862	(728,521)	285,379,904
Less: accumulated depreciation and amortization	(2,949,343)	-	-	-	-	(84,343,319)	-	(4,958,704)	-	-	-	-	-	-	-	(65,042,092)	-	(14,413,591)	370,617	(171,336,432)
Net Capital Assets	8,644,760	-	-	-	-	69,672,677	-	21,403,668	-	-	-	-	-	-	-	-	-	14,680,271	(357,904)	114,043,472
Total Non-current Assets	18,136,541	9,614,166	56,663,014	64,451,429	16,328,757	71,728,704	8,736,242	24,160,894	21,531,807	-	-	17,951,036	31,855,300	14,656,013	17,172,381	-	105,428,586	16,927,531	(9,014,667)	486,327,734
Total Assets	$ 87,374,480	$ 10,564,664	$ 56,663,014	$ 65,461,966	$ 16,906,586	$ 79,637,192	$ 9,631,291	$ 25,630,305	$ 24,116,737	$ 325,030	$ 31,665	$ 18,642,391	$ 36,619,622	$ 16,813,932	$ 19,199,379	$ 12,387,041	$ 109,689,392	$ 19,438,887	$ (19,078,745)	$ 590,054,829
Deferred Outflow of Resources:																				
Deferred advance refunding costs	-	47,008	-	-	-	3,455,404	199,646	-	620,941	-	-	110,030	-	243,794	-	-	1,806,786	162,538	-	6,646,147
Total Deferred Outflow of Resources	$ -	$ 47,008	$ -	$ -	$ -	$ 3,455,404	$ 199,646	$ -	$ 620,941	$ -	$ -	$ 110,030	$ -	$ 243,794	$ -	$ -	$ 1,806,786	$ 162,538	$ -	$ 6,646,147
Liabilities and Net Position																				
Current Liabilities:																				
Accounts payable and accrued expenses	$ 2,878,458	$ 281,893	$ 1,503,455	$ 360,960	$ 227,208	$ 1,862,682	$ 151,201	$ 205,278	$ 774,000	$ -	$ -	$ 283,808	$ 395,578	$ 519,566	$ 430,146	$ 4,772,325	$ 1,442,907	$ 186,868	$ (343,903)	$ 15,932,430
Sales tax payable	-	-	-	-	-	58,814	-	-	-	-	-	-	-	-	-	-	-	-	-	58,814
Related party payable	9,343,130	-	190,000	-	-	11,000	-	-	-	-	-	-	-	-	-	-	-	-	(9,544,130)	-
Advances	42,033,071	30,530	4,981,313	-	-	-	-	-	-	325,030	31,665	-	-	92,174	-	-	-	-	-	47,493,783
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,527,500	-	-	-	7,527,500
Accrued interest	49	56,083	669,792	256,936	186,527	31,144,299	142,125	693,159	639,571	-	-	75,975	939,257	1,197,694	354,615	-	467,325	464,791	(17,421)	37,270,777
Advance deposits	-	-	-	-	-	2,219,577	-	-	-	-	-	-	-	-	-	-	-	-	-	2,219,577
Security deposits	-	-	-	-	-	-	-	-	238,796	-	-	-	-	-	-	-	117,225	1,869	-	357,890
Accrued ground rent	-	-	-	200,918	32,171	39,588,272	646,095	-	1,280,051	-	-	-	-	-	-	-	4,640,765	9,069,674	-	55,457,946
Bonds and notes payable	349,084	760,000	-	715,000	468,400	42,185,000	610,000	350,000	1,263,624	-	-	1,240,000	1,670,000	1,240,000	870,000	-	4,410,000	916,763	(158,624)	56,889,247
Deferred management and service fees payable	-	-	-	-	-	73,649,572	-	-	-	-	-	-	-	-	-	-	-	-	(7,279,619)	66,369,953
Total Current Liabilities	54,603,792	1,128,506	7,344,560	1,533,814	914,306	190,719,216	1,549,421	1,248,437	4,196,042	325,030	31,665	1,599,783	3,004,835	3,049,434	1,654,761	12,299,825	11,078,222	10,639,965	(17,343,697)	289,577,917
Non-current Liabilities:																				
Related party payable	-	-	-	-	-	418,665	-	-	-	-	-	-	-	-	-	-	-	-	(418,665)	-
Bonds and notes payable	7,360,646	13,069,678	50,370,175	65,818,264	13,388,700	139,453,508	11,548,141	31,636,688	26,310,716	-	-	18,308,810	40,422,472	24,704,360	17,105,038	-	127,808,182	18,610,108	(514,966)	605,400,520
Other liabilities	6,874	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,874
Total Non-current Liabilities	7,367,520	13,069,678	50,370,175	65,818,264	13,388,700	139,872,173	11,548,141	31,636,688	26,310,716	-	-	18,308,810	40,422,472	24,704,360	17,105,038	-	127,808,182	18,610,108	(933,631)	605,407,394
Total Liabilities	$ 61,971,312	$ 14,198,184	$ 57,714,735	$ 67,352,078	$ 14,303,006	$ 330,591,389	$ 13,097,562	$ 32,885,125	$ 30,506,758	$ 325,030	$ 31,665	$ 19,908,593	$ 43,427,307	$ 27,753,794	$ 18,759,799	$ 12,299,825	$ 138,886,404	$ 29,250,073	$ (18,277,328)	$ 894,985,311
Deferred Inflow of Resources:																				
Rents and fees collected in advance	57,193	112,123	-	11,911	8,787	-	131,780	-	591,540	-	-	107,097	349,761	129,846	163,120	71,583	821,292	301,109	-	2,857,142
Deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	-	-	179,179	-	75,789	-	-	-	-	254,968
Total Deferred Inflow of Resources	$ 57,193	$ 112,123	$ -	$ 11,911	$ 8,787	$ -	$ 131,780	$ -	$ 591,540	$ -	$ -	$ 107,097	$ 528,940	$ 129,846	$ 238,909	$ 71,583	$ 821,292	$ 301,109	$ -	$ 3,112,110
Net Position:																				
Net investments in capital assets	1,017,742	(5,902,944)	(41,497,212)	(12,136,114)	633,420	(99,510,427)	(4,959,159)	(10,583,020)	(9,556,930)	-	-	(5,450,775)	(16,049,012)	(12,575,282)	(3,666,944)	-	(38,216,614)	(4,684,062)	(127,827)	(263,265,160)
Restricted under trust indentures	-	2,204,309	40,445,491	10,234,091	1,961,373	-	1,560,754	3,328,200	3,196,310	-	-	4,187,506	8,712,387	1,749,368	3,867,615	-	10,005,096	-	-	91,452,500
Restricted - other purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,633	-	-	-	15,633
Unrestricted - Projects	-	-	-	-	-	(147,988,366)	-	-	-	-	-	-	-	-	-	-	-	(5,265,695)	-	(153,254,061)
Unrestricted - MEDCO	24,328,233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(673,590)	23,654,643
Total Net Position	$ 25,345,975	$ (3,698,635)	$ (1,051,721)	$ (1,902,023)	$ 2,594,793	$ (247,498,793)	$ (3,398,405)	$ (7,254,820)	$ (6,360,620)	$ -	$ -	$ (1,263,269)	$ (7,336,625)	$ (10,825,914)	$ 200,671	$ 15,633	$ (28,211,518)	$ (9,949,757)	$ (801,417)	$ (301,396,445)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	MEDCO, exclusive of operating facilities	Operating Facilities																		
		Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	NCCoE	RIC	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
Operating Revenues:																				
Operating facilities	$ -	$ 3,513,994	$ -	$ 6,840,576	$ 1,458,775	$ 28,798,373	$ 2,445,479	$ 2,091,933	$ 6,965,630	$ -	$ -	$ 5,538,363	$ 7,325,649	$ 4,106,228	$ 4,113,452	$ 10,610,354	$ 23,166,302	$ 5,656,728	$ -	$ 112,631,836
Other property and equipment rentals	723,922	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	723,922
Consulting and management fees	3,570,164	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,736,445)	1,833,719
Total Operating Revenues	4,294,086	3,513,994	-	6,840,576	1,458,775	28,798,373	2,445,479	2,091,933	6,965,630	-	-	5,538,363	7,325,649	4,106,228	4,113,452	10,610,354	23,166,302	5,656,728	(1,736,445)	115,189,477
Operating Expenses:																				
Operating facilities	-	1,743,287	-	2,959,802	428,053	34,345,907	960,391	382,658	4,057,468	-	-	2,621,353	3,973,353	2,105,684	2,538,924	10,627,079	14,464,885	4,634,707	(1,626,530)	84,217,021
Rent	93,818	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93,818
Compensation and benefits	1,677,567	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,677,567
Administrative and general	455,463	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	455,463
Depreciation and amortization	486,125	867,186	-	1,508,855	840,621	6,455,444	676,657	903,167	1,308,162	-	-	1,178,837	2,101,427	1,136,975	1,192,453	905,696	5,631,846	1,068,417	(46,586)	26,215,282
Total Operating Expenses	2,712,973	2,610,473	-	4,468,657	1,268,674	40,801,351	1,637,048	1,285,825	5,365,630	-	-	3,800,190	6,074,780	3,242,659	3,731,377	11,532,775	20,096,731	5,703,124	(1,673,116)	112,659,151
Operating Income (Loss)	1,581,113	903,521	-	2,371,919	190,101	(12,002,978)	808,431	806,108	1,600,000	-	-	1,738,173	1,250,869	863,569	382,075	(922,421)	3,069,571	(46,396)	(63,329)	2,530,326
Non-operating Revenues and Expenses:																				
Interest income	347,927	60,915	79,927	162,626	29,508	89,609	54,023	64,619	105,423	-	-	147,801	196,462	51,745	85,094	75,707	408,398	83,006	(29,190)	2,013,600
Interest expense	(252,803)	(648,720)	(585,346)	(3,049,720)	(499,402)	(10,337,348)	(558,657)	(1,375,185)	(1,198,647)	-	-	(852,631)	(1,589,397)	(1,071,767)	(544,779)	-	(4,577,164)	(912,084)	29,190	(28,024,460)
Settlement income	66,288	6,000	-	-	-	64,173	-	-	19,507	-	-	-	-	67,853	-	-	-	-	-	223,821
Bond issuance costs	-	-	(546,302)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(546,302)
Gain (loss) on sales and retirements of assets	-	-	-	-	-	10,370	-	-	(39,065)	-	-	-	(241,890)	-	(3,750)	-	(132,986)	-	-	(407,321)
Surplus funds distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,305,835)	-	-	-	(7,305,835)
Net Non-operating Revenues (Expenses)	161,412	(581,805)	(1,051,721)	(2,887,094)	(469,894)	(10,173,196)	(504,634)	(1,310,566)	(1,112,782)	-	-	(704,830)	(1,634,825)	(952,169)	(463,435)	(7,230,128)	(4,301,752)	(829,078)	-	(34,046,497)
Changes in Net Position	1,742,525	321,716	(1,051,721)	(515,175)	(279,793)	(22,176,174)	303,797	(504,458)	487,218	-	-	1,033,343	(383,956)	(88,600)	(81,360)	(8,152,549)	(1,232,181)	(875,474)	(63,329)	(31,516,171)
Net Position, beginning of year	23,603,450	(4,020,351)	-	(1,386,848)	2,874,586	(225,322,619)	(3,702,202)	(6,750,362)	(6,847,838)	-	-	(2,296,612)	(6,952,669)	(10,737,314)	282,031	8,168,182	(26,979,337)	(9,074,283)	(738,088)	(269,880,274)
Net Position, end of year	$ 25,345,975	$ (3,698,635)	$ (1,051,721)	$ (1,902,023)	$ 2,594,793	$ (247,498,793)	$ (3,398,405)	$ (7,254,820)	$ (6,360,620)	$ -	$ -	$ (1,263,269)	$ (7,336,625)	$ (10,825,914)	$ 200,671	$ 15,633	$ (28,211,518)	$ (9,949,757)	$ (801,417)	$ (301,396,445)

Statement of Cash Flows
For the Year Ended June 30, 2020

	MEDCO, exclusive of operating facilities	Operating Facilities																	Eliminations	Total
		Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	NCCoE	RIC	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village		
Cash Flows from Operating Activities:																				
Cash received from property and equipment rentals	$ 749,492	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 749,492
Cash received from consulting and management fees	2,280,167	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,059,194)	1,220,973
Cash received from guests	-	-	-	-	-	31,535,571	-	-	-	-	-	-	-	-	-	-	-	-	-	31,535,571
Cash received from customer charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,583,063	-	-	-	9,583,063
Cash received from parkers	-	-	-	7,072,026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,072,026
Cash received tenants	-	3,283,071	-	-	1,443,780	-	2,528,797	-	6,831,203	-	-	5,188,782	7,274,408	4,033,024	4,134,951	-	22,789,213	5,332,723	-	62,839,952
Cash received from tax increment financing	-	-	-	-	-	-	-	2,091,933	-	-	-	-	-	-	-	-	-	-	-	2,091,933
Cash paid for operating expenses	(1,312,761)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,312,761)
Cash paid for expenses of operating facilities	-	(2,378,512)	-	(3,210,364)	(841,327)	(25,917,178)	(1,659,302)	(337,730)	(3,516,200)	-	-	(4,213,591)	(3,927,587)	(2,758,008)	(2,508,112)	(9,365,594)	(17,118,446)	(3,898,136)	949,279	(80,700,808)
Net Cash and Cash Equivalents Provided by Operating Activities	1,716,898	904,559	-	3,861,662	602,453	5,618,393	869,495	1,754,203	3,315,003	-	-	975,191	3,346,821	1,275,016	1,626,839	217,469	5,670,767	1,434,587	(109,915)	33,079,441
Cash Flows from Non-capital Financing Activities:																				
Advances	35,715,763	-	-	-	-	-	-	-	-	2,116	(735)	-	-	-	-	-	-	-	-	35,717,144
Advances from (to) related party	(11,000)	-	-	-	-	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest payments on bonds and notes payable	(253,348)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(253,348)
Principal payments on bonds and notes payable	(454,266)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(454,266)
Net Cash and Cash Equivalents Provided by (Used in) Non-capital Financing Activities	34,997,149	-	-	-	-	11,000	-	-	-	2,116	(735)	-	-	-	-	-	-	-	-	35,009,530
Cash Flows from Capital and Related Financing Activities:																				
Distribution of surplus funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,305,835)	-	-	-	(7,305,835)
Advances for construction	-	-	4,981,313	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,981,313
Right to use buildings expenditures	-	(119,991)	(7,369,508)	(479,054)	(66,958)	-	(99,336)	-	(531,877)	-	-	(343,037)	(741,444)	(13,334)	(1,301,824)	-	(2,572,541)	-	109,915	(13,528,989)
Construction, development, and equipment expenditures	(17,050)	-	-	-	-	(1,757,148)	-	-	-	-	-	-	-	-	-	-	-	(804,833)	-	(2,579,031)
Advances from (to) related party	(190,000)	-	190,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from settlement	-	-	-	-	-	64,173	-	-	-	-	-	-	-	-	-	1,800,000	-	-	-	1,864,173
Proceeds from sale of capital assets	-	-	-	-	-	10,370	-	-	-	-	-	-	-	-	-	-	-	-	-	10,370
Proceeds from issuance of bonds and notes payable	-	-	50,454,621	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,454,621
Refund (payment) of bond issuance costs	-	-	(546,302)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(546,302)
Net expenditures for replacement of and additions to furnishings and equipment	-	-	-	-	-	1,403,444	-	-	-	-	-	-	-	-	-	-	-	-	-	1,403,444
Interest paid	-	(695,200)	-	(3,089,564)	(489,052)	(4,202,699)	(580,200)	(1,392,038)	(1,301,884)	-	-	(959,026)	(1,926,212)	(1,160,800)	(733,230)	(49,481)	(5,774,699)	(1,050,115)	32,954	(23,371,246)
Principal payments on bonds and notes payable	-	(740,000)	-	(985,000)	(343,600)	-	(585,000)	(305,000)	(1,217,523)	-	-	(1,195,000)	(1,610,000)	(700,000)	(1,040,000)	(3,045,000)	(4,170,000)	(881,764)	152,523	(16,665,364)
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	(207,050)	(1,555,191)	47,710,124	(4,553,618)	(899,610)	(4,481,860)	(1,264,536)	(1,697,038)	(3,051,284)	-	-	(2,497,063)	(4,277,656)	(1,874,134)	(3,075,054)	(8,600,316)	(12,517,240)	(2,736,712)	295,392	(5,282,846)
Cash Flows from Investing Activities:																				
Principal payments received on direct financing leases	132,276	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	132,276
Issuance of loans receivable	(42,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(42,500)
Principal payments on loans receivable	292,794	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(152,523)	140,271
Related party receivable deposits	9,343,130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,343,130)	-	-	-	-
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,527,500	-	-	-	6,527,500
Proceeds from settlement	66,288	6,000	-	-	-	-	-	-	19,507	-	-	-	-	67,853	-	-	-	-	-	159,648
Net sales (purchases) of deposits with bond trustees-restricted	-	266,233	(47,790,051)	459,076	428,267	(1,844,507)	20,961	(72,777)	(173,571)	-	-	835,151	882,015	97,136	850,728	11,112,721	5,442,611	1,205,841	-	(28,280,166)
Net sales of investments	1,914,402	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,914,402
Interest received	316,567	60,609	79,927	168,562	36,387	96,316	56,165	84,020	105,423	-	-	152,361	196,462	54,179	90,136	85,756	425,586	83,006	(32,954)	2,058,508
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	12,022,957	332,842	(47,710,124)	627,638	464,654	(1,748,191)	77,126	11,243	(48,641)	-	-	987,512	1,078,477	219,168	940,864	8,382,847	5,868,197	1,288,847	(185,477)	(17,390,061)
Net Increase (Decrease) in Cash and Cash Equivalents	48,529,954	(317,790)	-	(64,318)	167,497	(600,658)	(317,915)	68,408	215,078	2,116	(735)	(534,360)	147,642	(379,950)	(507,351)	-	(978,276)	(13,278)	-	45,416,064
Cash and Cash Equivalents, beginning of year	11,212,527	1,127,719	-	102,860	73,403	1,124,237	532,878	200,164	251,339	322,914	32,400	810,381	1,452,142	685,284	1,266,944	-	3,517,711	545,841	-	23,258,744
Cash and Cash Equivalents, end of year	$ 59,742,481	$ 809,929	$ -	$ 38,542	$ 240,900	$ 523,579	$ 214,963	$ 268,572	$ 466,417	$ 325,030	$ 31,665	$ 276,021	$ 1,599,784	$ 305,334	$ 759,593	$ -	$ 2,539,435	$ 532,563	$ -	$ 68,674,808
Reconciliation of operating income (loss) to net cash and cash equivalents provided by (used in) operating activities:																				
Operating income (loss)	$ 1,581,113	$ 903,521	$ -	$ 2,371,919	$ 190,101	$ (12,002,978)	$ 808,431	$ 806,108	$ 1,600,000	$ -	$ -	$ 1,738,173	$ 1,250,869	$ 863,569	$ 382,075	$ (922,421)	$ 3,069,571	$ (46,396)	$ (63,329)	$ 2,530,326
Adjustment to reconcile operating income (loss) to net cash and cash equivalents provided by (used in) operating activities:																				
Depreciation and amortization	486,125	867,186	-	1,508,855	840,621	6,455,444	676,657	903,167	1,308,162	-	-	1,178,837	2,101,427	1,136,975	1,192,453	905,696	5,631,846	1,068,417	(46,586)	26,215,282
Provision for (recovery of) doubtful accounts	14,822	264,200	-	-	6,619	1,748	(1,762)	-	66,283	-	-	45,801	153,333	16,687	20,235	-	91,717	69,368	-	749,051
Changes in operating assets and liabilities:																				
Tenant security deposits	-	-	-	-	-	-	-	-	15,500	-	-	-	-	-	-	-	493	(19)	-	15,974
Rent and other receivables	249,852	(213,189)	-	155,639	53,674	3,607,658	(40,201)	-	(140,555)	-	-	(73,249)	(79,591)	(21,562)	(13,892)	(1,045,366)	(246,630)	(214,011)	(98,261)	1,880,316
Related party receivable	(775,512)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,749	-	-	765,763	-
Inventory	-	-	-	-	-	82,876	-	-	-	-	-	-	-	-	-	-	-	-	-	82,876
Prepaid expenses and other assets	(5,127)	2,873	-	83,216	(4,106)	9,423	342	-	(47,731)	-	-	(40,459)	41,525	(289,765)	(6,044)	(1,450)	17,475	24,585	-	(215,243)
Accounts payable and accrued expenses	189,525	101,040	-	(153,073)	99,123	1,713,854	(175,723)	46,748	143,940	-	-	(24,725)	160,593	(308,775)	16,621	1,253,186	143,062	(153,418)	98,261	3,150,239
Sales tax payable	-	-	-	-	-	(476,877)	-	-	-	-	-	-	-	-	-	-	-	-	-	(476,877)
Related party payable	(7,929)	-	-	-	-	-	-	(1,820)	-	-	-	-	-	-	-	-	-	-	9,749	-
Advances	-	(174,123)	-	-	-	-	-	-	-	-	-	-	-	(70,471)	-	-	-	-	-	(244,594)
Advance deposits	-	-	-	-	-	(870,460)	-	-	-	-	-	-	-	-	-	-	-	-	-	(870,460)
Security deposits	-	-	-	-	-	-	-	-	(490)	-	-	-	-	-	-	-	(340,343)	(7,821)	-	(348,654)
Accrued ground rent	-	(829,215)	-	(97,489)	(546,051)	-	(521,768)	-	374,834	-	-	(1,572,855)	(309,685)	-	-	-	(2,905,815)	796,036	-	(5,612,008)
Deferred management and service fees payable	-	-	-	-	-	7,097,705	-	-	-	-	-	-	-	-	-	-	-	-	(775,512)	6,322,193
Deferred inflow of resources-rents and fees collected in advance	23,226	(17,734)	-	(7,405)	(37,528)	-	123,519	-	(4,940)	-	-	(276,332)	28,350	(51,642)	35,391	18,075	209,391	(102,154)	-	(59,783)
Other liabilities	(39,197)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,197)
Net cash and cash equivalents provided by (used in) operating activities	$ 1,716,898	$ 904,559	$ -	$ 3,861,662	$ 602,453	$ 5,618,393	$ 869,495	$ 1,754,203	$ 3,315,003	$ -	$ -	$ 975,191	$ 3,346,821	$ 1,275,016	$ 1,626,839	$ 217,469	$ 5,670,767	$ 1,434,587	$ (109,915)	$ 33,079,441
Schedule of non-cash capital and related financing activities:																				
Loss on sales and retirements of assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (39,065)	$ -	$ -	$ -	$ (241,890)	$ -	$ (3,750)	$ -	$ (132,986)	$ -	$ -	$ (417,691)
Construction, development, and equipment expenditures included in accounts payable and accrued expenses	-	-	1,503,455	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,503,455
Amortization of lease allowance	22,978	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,978
Amortization of issue premium on bonds	-	51,132	87,698	45,215	-	-	41,062	11,134	147,043	-	-	116,914	280,116	134,766	158,297	-	1,396,937	136,631	-	2,606,945
Amortization of issue discount on bonds	-	-	3,252	6,388	-	187,229	-	-	-	-	-	320	-	-	-	-	-	-	-	197,189
Amortization of deferred inflow of resources - deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	-	-	16,750	-	9,754	-	-	-	-	26,504
Amortization of deferred outflow of resources - deferred advance refunding costs	-	6,502	-	-	-	517,264	25,369	-	68,870	-	-	14,143	-	21,483	-	-	213,302	20,764	-	887,697

8. DEBT AND CAPITAL LEASE OBLIGATIONS

Bonds and notes payable are summarized as follows as of June 30,:

	2021	2020
Revenue bonds payable	$ 715,399,002	$ 648,511,117
Notes payable, including $37,161 in 2021 and $82,710 in 2020 to State of Maryland Department of Business and Economic Development (DBED)	13,700,160	13,778,650
Total	$ 729,099,162	$ 662,289,767

The revenue bonds payable are secured by deeds of trust or mortgages on the related facilities and/or assignments of the related notes receivable or leases and, in most cases, irrevocable letters of credit issued by commercial banks. This debt matures at various dates through June 2058 and, as of June 30, 2021 and 2020, bears interest at a weighted average effective rate of 4.56% and 4.54%, respectively.

The notes payable are generally secured by mortgages on the related properties and/or assignments of the related notes receivable or leases. This debt matures at various dates through November 2032 and, as of June 30, 2021 and 2020, bears interest at a weighted average effective rate of 6.83% and 6.82%, respectively, including an average effective rate of 5.25% and 6.45%, respectively, on variable rate notes of $9,000,000 for the years then ended. The interest rates on the variable rate notes are primarily based on the Prime Rate.

Total interest on bonds and notes payable totaled $30,486,400 and $28,024,460 during the years ended June 30, 2021 and 2020, respectively.

Bonds and notes payable are summarized as follows as of June 30,:

	2021	2020
MEDCO debt obligations	$ 7,360,646	$ 7,709,730
Operating facilities debt obligations	721,738,516	654,580,037
Total	$ 729,099,162	$ 662,289,767

Under terms of the related loan agreements, MEDCO has no obligation for the bonds and notes payable beyond the resources provided under the lease or loan with the party on whose behalf the debt was issued. Under terms of the facilities' loan agreements, holders of the operating facilities' debt have no recourse to other assets of MEDCO in the event that cash flows from the operation or sales of the facilities are not sufficient to service or repay the debt.

8. DEBT AND CAPITAL LEASE OBLIGATIONS – continued

Future payments on the bonds and notes payable are due as follows as of June 30,:

	Total	Principal	Interest
2022	$ 92,316,703	$ 65,188,499	$ 27,128,204
2023	50,023,905	23,929,282	26,094,623
2024	50,116,047	25,148,873	24,967,174
2025	50,099,723	26,323,215	23,776,508
2026	50,361,642	27,840,912	22,520,730
2027-2031	255,937,497	166,294,187	89,643,310
2032-2036	187,138,118	137,556,062	49,582,056
2037-2041	96,131,342	64,860,215	31,271,127
2042-2046	79,846,692	58,619,300	21,227,392
2047-2051	55,083,802	40,814,725	14,269,077
2052-2056	59,109,450	50,640,000	8,469,450
2057-2058	13,823,500	11,900,000	1,923,500
	1,039,988,421	699,115,270	340,873,151
Less: unamortized discount	(1,805,345)	(1,805,345)	-
Plus: unamortized premium	31,789,237	31,789,237	-
Total	$ 1,069,972,313	$ 729,099,162	$ 340,873,151

8. DEBT AND CAPITAL LEASE OBLIGATIONS – continued

Activity in debt for the years ended June 30, 2021 and 2020 is summarized as follows:

	Bonds payable	Notes payable
Balance June 30, 2019	$ 617,295,192	$ 14,069,340
Amortization of issue discount	197,189	-
Amortization of issue premium	(2,606,945)	-
Additions	50,454,621	-
Principal payments/reductions	(16,828,940)	(290,690)
Balance June 30, 2020	648,511,117	13,778,650
Amortization of issue discount	200,638	-
Amortization of issue premium	(2,781,464)	-
Additions	84,322,721	-
Principal payments/reductions	(14,854,010)	(78,490)
Balance June 30, 2021	$ 715,399,002	$ 13,700,160

9. CONDUIT DEBT

Under terms of the related loan agreements, MEDCO has no obligation for the conduit debt obligations beyond the resources provided under the lease or loan with the party on whose behalf the debt was issued. Activity in conduit debt excluded from the accompanying financial statements for the years ended June 30, 2021 and 2020 is summarized as follows:

Balance June 30, 2019	$	1,741,659,853
Additions		107,035,000
Principal payments/reductions		(57,287,773)
Balance June 30, 2020		1,791,407,080
Additions		526,907,000
Principal payments/reductions		(289,181,195)
Balance June 30, 2021	$	2,029,132,885

During the year ended June 30, 2021, MEDCO issued bonds on the behalf of Port Covington, $137,485,000, in order to finance costs of the acquisition, construction, furnishing, and equipping of facilities located in Baltimore City, Maryland, SSA Baltimore Holdings, LLC, $265,985,000, in order to finance or refinance the acquisition and/or improvement of the Social Security Administration building located in Balimore City, Maryland, and the Maryland Public Health Laboratory Project, $123,437,000, to refinance the costs of issuance, renovations and capital replacements and improvements of the Project by refunding the previously issued Series 2011 bonds.

During the year ended June 30, 2020, MEDCO issued bonds on the behalf of the University of Maryland, College Park, $7,500,000, in order to finance costs of (i) a Maryland licensed, full service child care center, and (ii) certain furnishings, machinery and equipment to be located in such child care center located in Prince George's County, Maryland, AFCO Cargo BWI II, LLC, $36,035,000, in order to finance the costs, or the reimbursement of costs, of the acquisition, construction, renovation and improvement by the Maryland Aviation Administration, a unit of the Maryland Department of Transportation, of airport facilities on the ground of the Baltimore/Washington International Airport in Anne Arundel County, Maryland, The Children's Guild Institute, Inc., $26,000,000, in order to finance or refinance the acquisition and/or improvement of educational facilities owned and/or operated by The Children's Guild, Inc. located in several counties in Maryland and Washington, D.C., National Park Service (NPS), $10,000,000, in order to finance the development and construction of the new NPS headquarters building in Washington County, Maryland, and the University of Maryland, College Park, $27,500,000, to finance the cost of (i) certain classroom/educational space and (ii) certain furnishings, machinery and equipment to be located in such classroom/educational space located in Prince George's County, Maryland.

10. COMMITMENTS AND CONTINGENCIES

Leases

Bowie

The land underlying Bowie is leased from the State of Maryland on behalf of Bowie State University (BSU) under a non-cancellable operating lease expiring on the earlier to occur of June 1, 2043 or the date on which the bonds have been fully repaid. Rent payable under the lease is equal to "net revenues," as defined. Payment of the rent is subject to the project meeting a coverage ratio and is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with BSU that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Payments of ground rent are limited to the amount of cash available in the surplus fund as of June 30 each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Ground rent expense was $0 and ($334,539) for the years ended June 30, 2021 and 2020, respectively. Ground rent payments from the surplus fund totaled $0 and $494,676 during the years ended June 30, 2021 and 2020, respectively. Accrued ground rent was $0 as of June 30, 2021 and 2020. As of June 30, 2021, the Project has cumulative negative ground rent expense in excess of accrued ground rent totaling $7,527 that can be deducted against future ground rent due.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of Bowie State University, an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland upon termination of the lease.

City Garages

In July 2018, MEDCO entered into an operating agreement with the City of Baltimore to lease three parking garages, terminating at the earlier of the 50th anniversary of closing or the date on which the Series 2018 bonds are fully repaid. From on and after the commencement of the lease, on each release date, as defined in the trust indenture, MEDCO shall pay to the City of Baltimore rent in the amount of a distributable portion of the Surplus Fund, as defined in the trust indenture (Additional Rent). If on any release date funds are not eligible, under the terms of the trust indenture, to distribute the Additional Rent, the amounts allocable will be held for the account of the City of the Baltimore. As of June 30, 2021 and 2020, the senior rate covenant test was not satisfied. By not satisfying the senior rate covenant test, the distribution test was not met and the remaining balance on deposit in the additional rent account shall remain until the distribution test is met on a future release date, per the trust indenture. The Additional Rent expense for the years ended June 30, 2021 and 2020 was $0 and $200,918, respectively. Accrued ground rent totaled $200,918 as of June 30, 2021 and 2020.

10. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

CTU

The land underlying CTU is subleased from the CTU Foundation under a non-cancelable sublease expiring on July 14, 2067. Annual rent is equal to "net available cash flow," as defined, less certain defined amounts. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Ground rent expense was $0 and $32,171 for the years ended June 30, 2021 and 2020, respectively. Accrued ground rent totaled $0 and $32,171 as of June 30, 2021 and 2020, respectively.

The sublease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the CTU Foundation, on behalf of CTU, an option to purchase the project improvements for a price of the principal balance then outstanding of all sums secured by any leasehold mortgage in effect, plus any premium payable on such indebtedness, plus all interest accrued or to accrue on such indebtedness through the date of payment of such indebtedness, plus any other charges due and payable under the bond documents at any time during the sublease term. Title to the project improvements will revert to CTU Foundation upon termination of the sublease.

CBCC

The land underlying CBCC is leased from Chesapeake Resort, LLC under a non-cancellable operating lease expiring on November 30, 2036 or on the termination date, as defined. Rent under the lease totaled $40,000 per year until opening of the project on August 29, 2002. Thereafter, the annual rent is based on the fair market value of the land, as defined, and is subject to increase on August 29 of each year by the greater of 3% or 50% of the amount by which the Consumer Price Index increased during the year. The annual rent is subject to adjustments at the end of the fifth operating year of the project and at five-year intervals thereafter based on changes in the appraised fair market value of the land; however, the adjusted annual rent cannot be less than 103% of the rent in the preceding year. Payment of the rent is subordinated to all payments required under the project's series 2006 bonds payable and related trust indenture. Accrued and unpaid ground rent bears interest at 7% annually.

As of June 30, 2021 and 2020, no payments of ground rents had been made due to the subordination provision. Ground rent expense totaled $3,667,949 and $3,491,236 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, accrued ground rent under this lease totaled $43,256,221 and $39,588,272, respectively. Accrued interest on the unpaid ground rents totaled $16,219,148 and $14,426,678 as of June 30, 2021 and 2020, respectively.

10. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Frostburg

The land underlying Frostburg is leased from the State of Maryland under a non-cancellable operating lease expiring on June 17, 2042. Annual rent is equal to "net revenues," as defined, less certain defined amounts. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with Frostburg State University that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Payments of ground rent are limited to the amount of cash available in the surplus fund as of June 30 each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Ground rent expense totaled ($6,211) and ($219,947) for the years ended June 30, 2021 and 2020, respectively. Ground rent payments from the surplus fund totaled $0 and $301,821 during the years ended June 30, 2021 and 2021, respectively. Accrued ground rent totaled $639,884 and $646,095 as of June 30, 2021 and 2020, respectively.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of Frostburg State University, an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland upon termination of the lease.

Metro Centre

The land underlying Metro Centre is sub-leased from Metro Centre Garage II, Ltd. under a non-cancellable operating lease expiring on April 30, 2054. The annual rent under this lease is $10.

10. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Morgan

The land underlying the Project is leased from the State of Maryland under a non-cancellable operating lease, as most recently amended, effective December 1, 2020, expiring on the earlier to occur of (ii) July 1, 2061 or (ii) the date on which the bonds have been fully repaid. Rent payable under the lease is equal to “net revenues,” as defined in the lease. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Payments toward ground rent are limited to the amount of cash available in the surplus fund as of June 30 of each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of accrued ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Ground rent expense totaled ($384,863) and $851,116 during the years ended June 30, 2021 and 2020, respectively. Ground rent payments from the surplus fund totaled $0 during the years ended June 30, 2021 and 2020. Accrued ground rent totaled $895,188 and $1,280,051 as of June 30, 2021 and 2020, respectively.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of Morgan State University, an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to Morgan State University upon termination of the lease.

NCCoE

The land underlying NCCoE was leased from Montgomery County, Maryland under a non-cancellable operating lease expiring in 2048. On August 22, 2018, in connection with the transfer of the NCCoE assets to Montgomery County , this lease was terminated. The annual rent under this lease was $10.

10. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Salisbury

Pursuant to the consolidated, amended and restated ground lease agreement entered into in July 2012, the land underlying Salisbury is leased from the State of Maryland on behalf of Salisbury University under a non-cancellable operating lease expiring the earlier of June 25, 2043 or the date on which all of the bonds are fully repaid. Rent payable under the lease is equal to "net revenues," as defined. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with Salisbury University, that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Payments of ground rent are limited to the amount of cash available in the surplus fund as of June 30 each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of accrued ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Ground rent expense totaled $1,315,953 and ($83,855) during the years ended June 30, 2021 and 2020, respectively. Ground rent payments from the surplus fund totaled $0 and $1,488,970 during the years ended June 30, 2021 and 2020, respectively. Accrued ground rent totaled $1,315,953 and $0 as of June 30, 2021 and 2020, respectively.

The lease provides various conditions and restrictions on the use, operations and maintenance of the project and provides the University System of Maryland on behalf of Salisbury University an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland upon termination of the lease.

Towson WV & MH

The land underlying Towson WV is leased from the State of Maryland under a non-cancellable operating lease, as consolidated, amended and restated on June 6, 2012, expiring the earlier of March 27, 2047 or the date on which the bonds have been fully repaid. The annual rent under the lease for the 2007 lease parcel (West Village Student Housing) is $1. At closing for the 2007 bonds, a leasehold payment of $1,750,000 was made to Towson University for the leasehold interest during the term of the ground lease for the 2007 lease parcel. This payment is being amortized to ground rent expense over the term of the bonds. Ground rent amortization expense was $54,545 for each of the years ended June 30, 2021 and 2020. The annual rent under the lease for the 1999 lease parcel (Millennium Hall Student Housing) is equal to "net revenues" from the Millennium Hall facility, as defined. Ground rent expense for the 1999 lease parcel was $0 for the years ended June 30, 2021 and 2020.

10. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

UMAB

The land underlying UMAB is leased from the State of Maryland on behalf of University of Maryland, Baltimore under a non-cancellable operating lease expiring the earlier of February 12, 2043 or the date on which bonds have been fully repaid. Rent payable under the lease is equal to "net revenues," as defined. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with the University of Maryland, Baltimore. The terms of the Memorandum of Understanding include a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. No ground rent was due for the years ended June 30, 2021 and 2020.

The lease provides various conditions and restrictions on the use, operations and maintenance of the project and provides the State of Maryland, on behalf of University of Maryland, Baltimore, an option to purchase the Project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the Project improvements will revert to the University System of Maryland upon termination of the lease.

UMBC

The land underlying UMBC is leased from the State of Maryland under a non-cancellable operating lease expiring on the earlier of June 5, 2042 or the date on which the bonds have been fully repaid. Real estate taxes, insurance and maintenance expenses are obligations of the Project. The Project is exempt from real estate taxes under Section 10-129 of the Economic Development Article of the Annotated Code of Maryland. The annual rent under the lease is $1.

The lease provides various conditions and restrictions on the use, operations and maintenance of the project and provides the State of Maryland, on behalf of University of Maryland, Baltimore County, an option to purchase the operating facility improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the operating facility improvements will revert to the University System of Maryland upon termination of the ground lease.

UMCP Energy

MEDCO leases the facility that houses the energy and utility infrastructure at the University of Maryland and the related land from the University System of Maryland under an operating lease expiring in 2029. The lease provides for annual rent of $100.

10. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

UMCP Housing

The land underlying UMCP Housing is leased from the State of Maryland under a non-cancellable operating lease expiring July 31, 2043. Annual rent is defined as "net revenues" less certain amounts, including, among other items, debt service on the bonds. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with the University of Maryland, College Park that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Ground rent expense totaled ($209,662) and $1,932,067 for the years ended June 30, 2021 and 2020, respectively. Accrued ground rent totaled $4,431,103 and $4,640,765 as of June 30, 2021 and 2020, respectively. Payments toward ground rent are limited to the amount of cash available in the surplus fund as of June 30 of each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to right to use buildings exceed cumulative draws made from the renewal and replacement fund. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of accrued ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Additionally, at closing for the 2006 bonds, a leasehold payment of $680,000 was made to the University for the leasehold interest during the term of the ground lease for the 2006 lease parcel. This payment is being amortized to ground rent expense over the term of the bonds and totaled $17,934 for each of the years ended June 30, 2021 and 2020.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of University of Maryland, College Park an option to purchase the project's improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland, upon termination of the lease.

University Village

The land underlying University Village is leased from Sheppard Pratt Health System, Inc. (SPHSI) under a non-cancellable operating lease expiring on June 30, 2041. Rent payable under the lease totaled $885,500 in the initial lease year (which commenced July 1, 2001), and increases by 3% each lease year thereafter. Payment of the rent is subordinated to all payments required under the project's bonds payable and related trust indenture. Unpaid ground rent for the years ended June 30, 2008 through 2021 bears interest at 12.65% annually beginning 90 days after the end of the related lease year. Ground rent expense totaled $2,623,206 and $2,373,037 for the years ended June 30, 2021 and 2020, respectively, including interest on unpaid ground rent of $1,070,477 and $865,533 , respectively. Accrued ground rent totaled $11,692,880 and $9,069,674 as of June 30, 2021 and 2020, respectively, including accrued interest on unpaid ground rent of $1,677,885 and $607,408, respectively. Title to the operating facility improvements will revert to SPHSI upon termination of the lease.

10. COMMITMENTS AND CONTINGENCIES – continued

Future Minimum Lease Payments

Future minimum rent under these leases is due as follows as of June 30,:

2022	$ 65,862,456
2023	3,599,264
2024	3,707,242
2025	3,818,559
2026	3,933,012
2027-2031	21,507,316
2032-2036	24,932,865
2037-2041	14,458,238
2042-2046	56
2047-2051	52
2052-2054	30
Total	$ 141,819,090

Minimum rent payable during the year ending June 30, 2021 includes accrued but unpaid rents for prior years of approximately $62,367,925 including interest on unpaid rents of $17,897,033.

University System Operating Reserve

In accordance with the Ground Lease Agreement, a Memorandum of Understanding effective July 2, 2003, and an Amended and Restated Memorandum of Understanding effective April 2, 2007, the Lessee (MEDCO) shall create, hold and maintain a single fund for all Projects, referred to in each Ground Lease as the operating reserve fund to be held and used in accordance with each Ground Lease and Memorandum.

From monies which otherwise would be rent, MEDCO is authorized to make, on behalf of the projects, annual deposits to the operating reserve fund on or before November 30 of each year in the amount of $20,000 for each of the Bowie State University, Salisbury University and the University of Maryland, Baltimore projects, and commencing in November 2009, $20,000 for the Towson University project, and commencing in November 2011, $40,000 for the University of Maryland, College Park project; provided however, if the deposit of the full amount would cause the operating reserve fund to exceed the maximum amount per the Amended and Restated Memorandum of Understanding, the amount deposited under each ground lease shall be reduced proportionately.

10. COMMITMENTS AND CONTINGENCIES – continued

University System Operating Reserve – continued

As of June 30, 2021 and 2020, no deposits in lieu of ground rent have been made by MEDCO on behalf of the UMAB project to the operating reserve fund due to the fact that the project, since inception, has not incurred ground rent expense. As of June 30, 2021 no deposit has been made by MEDCO on behalf of UMCP Housing, Salisbury, Towson WV and MH, and Bowie. As of June 30, 2020 a $140,618 deposit has been made by MEDCO on behalf of Salisbury, a $131,522 deposit has been made by MEDCO on behalf of Towson WV and MH and a $82,109 deposit has been made by MEDCO on behalf of Bowie.

If any of the projects' revenues are not sufficient to meet permitted expenses as defined by the Memorandum of Understanding and the Amended and Restated Memorandum of Understanding, the project can draw funds that they deposited in the operating reserve fund. When these funds are not sufficient, the operating reserve fund and MEDCO will advance matching funds to the respective project, which bear interest at ten percent.

Other Leasing Activities

MEDCO leased office space under a lease agreement which was classified as an operating lease and expired in August 2020. Effective August 15, 2020, MEDCO entered into a new lease agreement for office space, which is classified as an operating lease and expires in April 2029. Minimum rents due under this lease are summarized as follows as of June 30,:

2022	$ 128,056
2023	131,259
2024	134,521
2025	137,887
2026	141,313
2027-2029	407,470
Total	$ 1,080,506

Rent expense totaled $127,777 and $133,015 during the years ended June 30, 2021 and 2020, respectively.

MEDCO records rent expense on a straight-line basis over the terms of its leases. Deferred rent totaled $91,269 and $3,045 as of June 30, 2021 and 2020, respectively, and represents the excess of recorded rent expense over amounts paid to date under the terms of the lease agreements.

10. COMMITMENTS AND CONTINGENCIES – continued

Other Leasing Activities – continued

MEDCO owns certain properties which are leased to tenants under long-term operating leases expiring at various dates through fiscal year 2030, which are subject to renewal options in certain cases. The leases generally provide for annual minimum rentals sufficient to pay principal and interest on the debt issued to finance the acquisition of and/or improvements to the related properties. Insurance and maintenance costs are generally the responsibility of the tenants.

The minimum rents to be received from tenants for properties owned by MEDCO under operating leases in effect are summarized as follows as of June 30,:

2022	$ 684,224
2023	682,739
2024	681,213
2025	679,645
2026	678,033
2027-2029	2,191,928
Total	$ 5,597,782

The capitalized cost and accumulated depreciation and amortization relating to assets under leased properties is as follows as of June 30,:

	2021	2020
Buildings and improvements	$ 11,136,858	$ 11,136,858
Accumulated depreciation and amortization	(2,966,524)	(2,518,835)
Net capital assets	$ 8,170,334	$ 8,618,023

Litigation

Various lawsuits and other claims occur in the normal course of business and are pending against MEDCO and its projects. Management, after consultation with legal counsel, is of the opinion that the lawsuits and other claims, when resolved, will not have a material effect on the accompanying financial statements.

11. GOING CONCERN - CBCC

CBCC has an accumulated negative net position of $269,139,671 and its current liabilities exceed its current assets by $205,095,000 at June 30, 2021. In addition, CBCC incurred operating losses of approximately $11,453,000 and $12,003,000 during the years ended June 30, 2021 and 2020, respectively, and was directly impacted by COVID-19 (Note 12).

Pursuant to the restated and amended forbearance agreement effective July 1, 2021, the forbearance agreement effective May 1, 2014 was extended to December 31, 2021. The agreement, to the extent there is no event of default or forbearance termination event as defined, provides for a partial deferral of interest and principal payments owed under the bonds. During the forbearance period, no payments of interest are to be made from the debt service reserve fund unless directed by the bondholders. Upon expiration of the forbearance period, the deficiency between the interest and principal payments required to be made under the terms of the trust indenture and the amount available to be paid from funds deposited in the debt service trust accounts during the forbearance period shall be immediately due and payable.

Management believes the projected future operating results of CBCC will provide CBCC with adequate cash flow to meet its operating needs; however, CBCC will not be able to make the current principal and interest payments on the bonds, which includes missed principal payments from December 2020, December 2019, December 2018, December 2017, December 2016, December 2015, December 2014 and December 2013 should the restated and amended forbearance agreement not be extended past its current expiration date of December 31, 2021. These factors create significant doubt about CBCC’s ability to continue as a going concern.

The ability of CBCC to continue as a going concern is dependent upon a resolution with the bondholders regarding the outstanding bond principal payments and the future impact of COVID-19. The financial statements do not include any adjustments that might be necessary if CBCC is unable to continue as a going concern.

12. CORONAVIRUS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization declared COVID-19 to constitute a Public Health Emergency of International Concern. In March 2020, COVID-19 began to spread throughout the United States. Efforts to contain COVID-19, including restrictions mandated by U.S. Federal and state governments, caused numerous businesses, including many colleges and universities, to close or operate remotely in an effort to prevent COVID-19 from spreading more rapidly.

12. CORONAVIRUS – continued

COVID-19 has had an immediate direct and on-going impact on the Projects. Project specific impacts have included, but are not limited to, a reduction of parking demand at City Garages, periods of reduced occupancy at CBCC and a reduction of student housing occupancy rates as a result of universities shifting to a virtual learning environment. Management currently expects improved occupancy rates and operating performance at the Projects as the impact of COVID-19 stabilizes with the resulting removal of certain government restrictions and the return to in-person classes at universities. Based on the projected occupancy and operating results of the Projects, with the exception of CBCC, management believes the Projects will generate adequate cash flow to make current principal and interest payments on the bonds and pay senior operating expenses. However, management believes the Projects may not have adequate cash flow from operations to fully fund subordinate expenses and reserves.

Because of the nature of the pandemic, there may be future direct and indirect consequences which are not yet known and may not emerge for some time. The ability of the Projects to continue as going concerns is dependent upon the future impact of COVID-19. The financial statements do not include any adjustments that might be necessary if the Projects are unable to continue as going concerns.