MARYLAND ECONOMIC DEVELOPMENT CORPORATION

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

For the Years Ended June 30, 2025 and 2024

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

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MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Management's Discussion and Analysis
For the Years Ended June 30, 2025 and 2024

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, 2025 and 2024. 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:

- Annapolis Mobility and Resilience Project (Annapolis Garage)
- Christa McAuliffe Student Housing (Bowie) at Bowie State University
- Bowie Entrepreneurship Living-Learning Center (Bowie ELLC) at Bowie State University
- Baltimore City Garages (City Garages)
- CTU Foundation Student Housing (CTU) at Capitol Technology University
- Chesapeake Bay Conference Center (CBCC)
- Southfield Sports Park Complex (Elkton)
- Edgewood Commons Student Housing (Frostburg) at Frostburg State University
- University of Maryland, College Park, Leonardtown (Leonardtown)
- Owings Mills Metro Centre Garage (Metro Centre)
- Morgan View (MV), Thurgood Marshall Hall (TMH), Legacy Hall (LH) and Harper-Tubman (HT) Student Housing (Morgan) at Morgan State University
- University Park Phase I and II (Salisbury) at Salisbury University

General – continued

- West Village (Towson WV) and Millennium Hall Student Housing (Towson MH) at Towson University
- Fayette Square Student Housing (UMAB) at University of Maryland, Baltimore
- 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 leases, operating facilities, parker fees 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 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 22-68 of this report.

Financial Analysis of MEDCO

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

	2025	2024	2023
Current assets	$ 117,766,046	$ 125,455,080	$ 130,289,951
Net right-of-use assets, capital assets, and right-to-use buildings	686,144,094	644,812,829	630,074,548
Other non-current assets	369,274,330	205,302,874	258,783,894
Total Assets	$ 1,173,184,470	$ 975,570,783	$ 1,019,148,393
Deferred outflow of resources	$ 2,459,268	$ 3,192,528	$ 3,830,022
Current liabilities	$ 348,092,590	$ 330,046,811	$ 306,512,547
Bonds and notes payable, net of current portion	1,008,605,712	809,148,176	851,552,253
Other non-current liabilities	44,751,286	44,007,623	46,830,926
Total Liabilities	$ 1,401,449,588	$ 1,183,202,610	$ 1,204,895,726
Deferred inflow of resources	$ 74,741,763	$ 90,862,759	$ 104,687,860
Net investment in capital assets	$ (512,523,310)	$ (346,864,983)	$ (393,670,877)
Restricted under trust indentures	285,039,644	114,410,010	163,442,299
Restricted for capital and other purposes	-	283,771	145,615
Unrestricted - Projects	(106,766,179)	(95,771,413)	(87,152,153)
Unrestricted - MEDCO	33,702,232	32,640,557	30,629,945
Total Net Position	$ (300,547,613)	$ (295,302,058)	$ (286,605,171)

Significant factors in the changes in MEDCO's financial position for the year ended June 30, 2025 include:

- During the year ended June 30, 2025, construction of LH Student Housing at Morgan was completed and the project accepted its first residents in August 2024. Construction of several facilities commenced including: HT Student Housing at Morgan, graduate level student housing at Leonardtown at University of Maryland (UMD), and the Southfields Sports Complex in Elkton, Maryland. UMD, Baltimore, exercised its option to purchase the leasehold interest of UMAB Student Housing from MEDCO on February 28, 2025, at such point the ground lease was terminated and the bonds were defeased. The Amended and Extended Energy Services Agreement, under which MEDCO operated the UMCP Energy program providing energy conversion and delivery services to UMD, expired on December 31, 2024.

- Current assets decreased primarily as a result of: (i) a decrease in cash and cash equivalents primarily at MEDCO, $15,351,000, due to the short-term investment of cash from a matured investment near the end of the prior year, the return of funds that were on deposit from UMD for the UMCP Energy program and cash used for operations, (ii)UMAB, $1,002,000 pursuant to the sale of the leasehold interest in the project and (iii) at University Village, $1,013,000, as a result of payments made for both previously deferred and current note principal and interest. These decreases were partially offset by increases in short-term investments, $3,943,000, due to the investment of cash on deposit from a MEDCO investment that matured near the end of last year, and deposits with bond-trustee-restricted, $7,550,000, primarily due to the issuance of new bonds and required deposits being made with the trustees in fiscal year 2025 for the new Leonardtown, Morgan HT and Elkton projects.

Financial Analysis of MEDCO – continued

- Net right-of-use assets, capital assets and right-to-use buildings increased primarily due to development expenditures for Leonardtown, $64,511,000, Morgan LH and HT, $16,589,000, Elkton, $4,919,000, and various other capital expenditures at Projects totaling $4,827,000. These increases were partially offset by current year depreciation and amortization of $49,515,000.

- Other non-current assets increased primarily as a result of funds deposited with the trustee, $175,929,000, primarily due to the issuance of new bonds and required deposits made with the trustees in fiscal year 2025 for the new Leonardtown, Morgan HT and Elkton projects. This increase was partially offset by a decrease in lease receivable of $11,885,000 at MEDCO due to payments received from leases during the current year in which MEDCO is the lessor.

- Current liabilities increased as a result of accounts payable for capital expenditures related to the construction of Leonardtown and Elkton, $19,037,000, additional accruals at CBCC for interest payable and deferred management and service fees payable, $6,101,000 and accrued interest and lease liability at University Village, $3,065,000, primarily due to no payments of accrued rent being made during fiscal year 2025. Additionally, an increase in the current portion of bonds and notes payable is primarily a result of CBCC not being able to fund the amount due during the year ended June 30, 2025, $9,205,000, and an increase in accrued ground rent at Baltimore City Garages, $1,052,000, due to an increase in the distributable portion of the surplus fund as defined by the trust indenture. These increases were partially offset by decreases in accounts payable and accrued expenses of $3,546,000 at Morgan primarily due to less capital expenditures outstanding related to the completed construction of LH, $3,183,000 at Annapolis Garage primarily due to revenue payments made to the City of Annapolis, and decreases at various other projects of $3,709,000. Additionally, there was a decrease in accrued interest and note payable at University Village, $1,094,000, as a result of payments made for previously deferred note principal and interest and a decrease of $10,066,000 at UMCP Energy due to the program concluding in fiscal year 2025 and the return of reserve deposits and payments of accounts payable that were recognized in the prior year.

- Bonds and notes payable, net of current portion, increased due to the issuance of bonds for the Leonardtown, Morgan HT, and Elkton projects, $260,732,000. This increase was partially offset by the defeasance of bonds for the UMAB project, $20,983,000, the reclassification of fiscal year 2026 principal payments from non-current to current liabilities, $37,929,000, and the amortization of bond premium/discounts, $2,362,000.

Financial Analysis of MEDCO – continued

Significant factors in the changes in MEDCO's financial position for the year ended June 30, 2024 include:

- During the year ended June 30, 2024, construction of LH Student Housing at Morgan neared completion and occupancy commenced in August 2024. Annapolis Garage operations reflect its first full year of activity as operations commenced in June 2023. UMCP Energy Program operating revenues and expenses decreased as the University of Maryland prepares for the implementation of a new energy generating program upon expiration of the Extended Energy Services Agreement with MEDCO in fiscal year 2025.

- Current assets decreased primarily due to the following: (i) a decrease in deposits with bond-trustee-restricted at Annapolis Garage $3,990,000, (ii) the completion of construction of TMH and ongoing construction of LH at Morgan $5,736,000, (iii) the payment of semi-annual interest due on the Series 2022A bonds and interest receivable, net, at Morgan $2,143,000, (iv) and decreases in funds on deposit with bond trustee-restricted and short-term investments due to a MEDCO investment maturing near the end of fiscal year 2024, $2,979,000. These decreases were partially offset by an increase in cash and cash equivalents at MEDCO, $3,664,000, due to positive cash flow and funds held in cash from a matured investment near the end of fiscal year 2024 for investment in fiscal year 2025, and at various projects, $4,657,000, primarily as a result of positive cash flow from operating activities.

- Net right-of-use assets, capital assets and right-to-use buildings increased due to development expenditures for both the Morgan TMH and LH facilities, $48,146,000, and various other capital expenditures at Projects totaling $13,472,000. These increases were partially offset by current year depreciation and amortization of $46,880,000.

- Other non-current assets decreased primarily as a result of funds deposited with the trustee, $38,968,000, primarily due to funds used for the construction of LH at Morgan State University, and a decrease in lease receivable of $14,415,000 at MEDCO due to payments received from leases during the current year in which MEDCO is the lessor.

- Current liabilities increased as a result of additional accruals at CBCC for interest payable and deferred management and service fees payable, $6,188,000, and accrued interest and lease liability at University Village, $4,838,000, primarily due to no payments of accrued rent being made during fiscal year 2024. Additionally, increase in the current portion of bonds payable is primarily a result of CBCC not being able to fund the amount due during the year ended June 30, 2024, $8,760,000 and an increase in accrued ground rent at UMCP Housing, $5,366,000, primarily due to increases in revenue, and an increase in accounts payable and accrued expenses at Annapolis Garage of $2,596,000 resulting from the projects first full year of operating activity. These increases were partially offset by decreases in accounts payable and accrued expenses of $3,527,000 at Morgan primarily due to less capital expenditures outstanding related to the construction of TMH, and $1,039,000 at University Village primarily due to a decrease in previously deferred management fees.

Financial Analysis of MEDCO – continued

- Bonds and notes payable, net of current portion, decreased due to the reclassification of fiscal year 2025 principal payments from non-current to current liabilities, $40,051,000, and the amortization of bond premium/discounts, $2,353,000.

- Other non-current liabilities decreased primarily due to a decrease in the lease liability of $945,000 at CBCC and $1,748,000 at University Village due to ground rent payments becoming current.

MEDCO's net position as of June 30, 2025, 2024 and 2023 (after considering the effects of eliminations and adjustments in consolidation) are detailed by source as follows:

	2025	2024	2023
Operating facilities	$ (332,056,825)	$ (325,350,803)	$ (314,980,266)
Other operations	31,509,212	30,048,745	28,375,095
Net position	$ (300,547,613)	$ (295,302,058)	$ (286,605,171)

As discussed in greater detail below, the majority of MEDCO's operating income for 2025, 2024 and 2023 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,:

	2025	2024	2023
Operating Revenues:			
Operating facilities	$ 177,611,530	$ 182,805,283	$ 176,947,588
Lease	14,496,621	14,329,477	14,061,177
Consulting and management fees	1,784,859	1,909,940	1,668,859
Total Operating Revenues	193,893,010	199,044,700	192,677,624
Operating Expenses:			
Operating facilities	109,396,597	120,913,810	111,392,679
Compensation and benefits	3,628,294	2,871,613	2,143,367
Administrative and general	1,430,479	1,199,964	1,194,263
Depreciation and amortization	49,515,395	46,879,600	44,696,264
Total Operating Expenses	163,970,765	171,864,987	159,426,573
Operating Income	29,922,245	27,179,713	33,251,051
Non-operating Revenues and Expenses:			
Interest income	14,402,908	12,137,850	9,899,833
Interest expense	(53,906,668)	(47,346,501)	(45,303,418)
Settlement income	158,851	346,120	250,703
Gain on extinguishment of management fee payable	-	-	-
Bond issuance costs	(4,998,564)	-	(2,632,685)
Surplus funds distribution and special tax reserve	(437,990)	-	-
Gain (loss) on sales and retirements of assets, net	9,613,663	(1,014,069)	(658,598)
Net Non-operating Expenses	(35,167,800)	(35,876,600)	(38,444,165)
Change in Net Position	(5,245,555)	(8,696,887)	(5,193,114)
Net Position, beginning of year	(295,302,058)	(286,605,171)	(281,412,057)
Net Position, end of year	$ (300,547,613)	$ (295,302,058)	$ (286,605,171)

Financial Analysis of MEDCO – continued

The change in net position for the years ended June 30, 2025, 2024 and 2023 (after considering the effects of eliminations and adjustments in consolidation) is detailed by source as follows:

	2025	2024	2023
Operating facilities	$ (6,706,022)	$ (10,370,537)	$ (7,476,223)
Other operations	1,460,467	1,673,650	2,283,109
Change in Net Position	$ (5,245,555)	$ (8,696,887)	$ (5,193,114)

Significant factors in the results for the year ended June 30, 2025 include:

- As of June 30, 2025, 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 been operating under the terms of a forbearance agreement with the Trustee which provides for a partial deferral of interest and principal payments owed under the bonds. Pursuant to the terms of a ninth amendment to the amended and restated forbearance agreement, the forbearance period was extended to December 31, 2025. In accordance with the terms of the most recent amendment, effective June 30, 2025, a cash flow budget through December 31, 2025 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 can be expended in a subsequent month, subject to adjustments as defined in the agreement. The amended and restated forbearance agreement contains target amounts for gross revenues, net operating income, and cumulative cash flow. If the Project fails to satisfy these target amounts in any month, it shall constitute a forbearance termination event. Upon the occurrence of a forbearance termination event, the forbearance granted shall immediately and automatically terminate, and the Trustee shall have available to it all rights and remedies available specified under the forbearance agreement, any of the bond documents, or under applicable law. The amendments to the amended and restated forbearance agreement amend 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 12 to the financial statements.

Financial Analysis of MEDCO – continued

- As of June 30, 2025, management has identified Frostburg and Bowie ELLC student housing projects as "Watch" projects, as defined in MEDCO's loan classification policy. 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 1.00. If in any fiscal year, the coverage ratio is not met, a management consultant must be employed. In October 2025, both Frostburg and Bowie ELLC were removed from being classified as "Watch" projects. During the year ended June 30, 2025, MEDCO retained a management consultant for Frostburg and Bowie ELLC student housing projects.

- Operating income from operating facilities increased approximately $3,184,000 for the year ended June 30, 2025 in comparison to the year ended June 30, 2024. This is primarily attributable to increases at Annapolis Garage, $3,921,000, primarily due to an increase in parking revenue and a decrease in the City of Annapolis Revenue Payment as the prior year included additional funds due upon the closing of certain trust accounts and UMCP, $2,804,000, primarily due to a decrease in ground rent expense. These increases were partially offset by decreases at CBCC, $3,202,000, primarily due to decreases in occupancy, and banquet and event bookings, City Garages, $1,329,000, primarily due to a decrease in transient parking revenue due to less events, and an increase in additional rent due to Baltimore City due to an increase in the distributable portion of the surplus fund as defined by the trust indenture, and UMAB, $712,000, primarily as a result of the sale and operations ceasing in the third quarter. Increases in operating income at other projects, primarily are due to increases in occupancy at student housing facilities, totaled $1,702,000.

- Net Non-operating expenses decreased $709,000. This decrease is primarily due to the gain recognized at UMAB, $10,389,000, pursuant to the sale of the leasehold interest in the project in fiscal year 2025, and interest income earned of $6,226,000 on required deposits made with the trustees for the bonds issued at Leonardtown and Elkton. This decrease was partially offset by expenses incurred at UMCP Energy, $361,000, to conclude the program, bond issuance costs of $4,999,000 and interest expense of $7,479,000 at Leonardtown, Elkton and HT Morgan for the bonds issued in the current year, and a decrease in interest income at Morgan, $2,754,000, as a result of funds being utilized during the current year primarily for construction at LH and HT.

Financial Analysis of MEDCO – continued

Significant factors in the results for the year ended June 30, 2024 include:

- As of June 30, 2024, 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 been operating under the terms of a forbearance agreement with the Trustee which provides for a partial deferral of interest and principal payments owed under the bonds. Pursuant to the terms of a seventh amendment to the amended and restated forbearance agreement, the forbearance period was extended to December 31, 2024. In accordance with the terms of the most recent amendment, effective June 30, 2024, a cash flow budget through December 31, 2024 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 can be expended in a subsequent month, subject to adjustments as defined in the agreement. The amended and restated forbearance agreement contains target amounts for gross revenues, net operating income, and cumulative cash flow. If the Project fails to satisfy these target amounts in any month, it shall constitute a forbearance termination event. Upon the occurrence of a forbearance termination event, the forbearance granted shall immediately and automatically terminate, and the Trustee shall have available to it all rights and remedies available specified under the forbearance agreement, any of the bond documents, or under applicable law. The amendments to the amended and restated forbearance agreement amend 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 12 to the financial statements.

Financial Analysis of MEDCO – continued

- As of June 30, 2024, management has identified Frostburg and UMAB student housing projects as "Watch" projects, as defined in MEDCO's loan classification policy. Per the respective trust indenture, 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 1.00 If in any fiscal year, the coverage ratio is not met, a management consultant must be employed. In October 2024, Frostburg was removed from being classified as a "Watch" project, and Bowie ELLC was added to "Watch" in October 2024. During the year ended June 30, 2024, MEDCO retained a management consultant for Frostburg and UMAB student housing projects.

- Operating income from operating facilities decreased approximately $5,389,000 for the year ended June 30, 2024 in comparison to the year ended June 30, 2023. This is primarily attributable to CBCC as average daily rates and travel demand decreased as compared to the prior year, $2,457,000, UMCP Housing primarily due to an increase in ground rent, $3,612,000, and Annapolis Garage primarily as a result of the initial year of operations and making its first full year of payments to the City of Annapolis, $2,476,000. These decreases were partially offset by increases in operating income at other projects primarily due to increases in occupancy and rental rates at student housing facilities, $4,521,000.

- Net Non-operating revenues (expenses) decreased $2,568,000. This decrease is primarily due to the recognition of bond issuance costs in the prior year at Annapolis Garage and Morgan, $2,633,000, and an increase in interest income of $2,238,000 as interest rates on deposits increased during the year ended June 30, 2024. These decreases were partially offset by an increase in interest expense of $2,043,000 primarily at Morgan due to the recognition of a full year of interest expense on bonds issued in the prior year, $2,324,000.

Additional information relating to the operating results of the operating facilities for the years ended June 30, 2025 and 2024 is provided in Note 8 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 and right-to-use buildings were $81,274,000 and $69,776,000 during the years ended June 30, 2025 and 2024, respectively.

In 2022, MEDCO was requested to enter into a 30-year concession agreement with the City of Annapolis for the use of the Annapolis Garage through the issuance of its tax-exempt revenue bonds. The proceeds of the bonds were used for the initial concession payment of the Project, to fund required reserve funds and to pay for costs of issuing the bonds. An acquisition value of approximately $33,000,000 was assigned to the parking garages. During 2025 and 2024, there were $0 and $2,930,000 of additional capital expenditures pursuant to the terms of the concession agreement.

During 2025 and 2024, projects totaling $188,000, and $131,000, respectively, primarily for replacement of carpeting and various furniture, fixtures and equipment items, were completed at Bowie.

The most significant capital asset events during 2025 include the reclassification of due from university to buildings and improvements and furnishing and fixtures additions for elevator repairs totaling $166,000 at Bowie ELLC. There were no major capital asset events during 2024.

During 2025, there were $102,000 in capital expenditures at City Garages primarily for architectural fees, replacement of a gate arm housing unit, fire protection engineers, and elevator repairs. During 2024, there were $329,000 in capital expenditures at City Garages primarily for architectural fees, booth repairs, fire protection engineers, and elevator repairs.

During 2025 and 2024, there were $2,040,000 and $3,973,000 in capital expenditures, respectively, primarily for meeting room and guest room renovations, bermuda grass conversion for the golf course, and a new point-of-sale system at CBCC.

The major capital asset events during the year ended June 30, 2025 at Elkton were expenditures for the construction of the sports complex, $4,919,000 and $3,000,000 ground rent.

The major capital asset events during the year ended June 30, 2025 at Leonardtown were expenditures for the construction of the student housing facility, $64,511,000.

The major capital asset events during the year ended June 30, 2025 at Morgan were expenditures for the construction of the LH facility, $11,863,000, construction and renovation of the HT facility, $2,457,000, as well as $2,713,000 for the replacement of HVAC units, furniture, flooring, appliances, compressors, and water heaters. The major capital asset events during the year ended June 30, 2024 at Morgan were expenditures for the construction of the LH facility, totaling $46,157,000, as well as $1,989,000 for the replacement of HVAC units, roofing, flooring, carpeting, apartment renovations, and upgrades to security cameras.

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, 2025 at Salisbury were kitchen and bathroom remodeling, door replacement, window replacement, and replacing carpet, furniture, and exterior door handles, $1,318,000. The major capital asset events during the year ended June 30, 2024 at Salisbury were furnace installation, bathroom remodeling, door replacements, computers, and replacing carpet, furniture, and appliances, $1,140,000.

The most significant capital asset events during the year ended June 30, 2025 at Towson WV & MH were the replacement of the roof, boiler, furnishings and equipment, and security cameras with several minor updates for $938,000. The most significant capital asset events during the year ended June 30, 2024 at Towson WV & MH were the replacement of a chiller and sprinkler heads with several minor updates for $760,000.

Pursuant to the sale of the leasehold interest at UMAB, a gain on the sale of assets totaling $10,389,000 was recognized during the year ended June 30, 2025. Derecognition of the related right-to-use buildings totaled $9,222,000 in connection with the sale. The major capital asset events during the year ended June 30, 2024 at UMAB were WiFi system upgrades, with several minor updates for $487,000.

The major capital asset events during the year ended June 30, 2025 at UMBC were furniture replacement, roof repairs, bathroom remodeling, flooring and carpet replacements, water heater replacements, new WiFi system, and gutter and downspout replacements, $1,124,000. The major capital asset events during the year ended June 30, 2024 at UMBC were furniture replacement, roof replacement, roof repairs, bathroom remodeling, flooring and carpet, water heater, sidewalk repairs, and appliance replacements, $947,000.

The major capital asset events during the year ended June 30, 2025 at UMCP Housing were the replacement of HVAC, water pump, pipes, cooling tower, water main shutoff valve, light fixtures, carpet, tile, furniture, appliances, and furniture, fixture, and equipment deposits included within construction in progress, $3,164,000. The major capital asset events during the year ended June 30, 2024 at UMCP Housing were the replacement of HVAC, heat pump, lighting panel, light fixture, carpet, tile, furniture, appliances, and furniture, fixture, and equipment deposits included within construction in progress, $3,554,000.

The major capital asset events during the year ended June 30, 2025 at University Village were the replacement of carpeting, furniture and fixtures, HVAC systems, and kitchen and bath remodels totaling $715,000. The major capital asset events during the year ended June 30, 2024 at University Village were upgrades to services and equipment for the internet, replacement of roofing, carpeting, furniture and fixtures, HVAC systems, and kitchen and bath remodels, $594,000.

Additional information relating to capital assets is provided in Notes 5, 6 and 7 to the financial statements.

Capital Assets and Debt Administration – continued

Debt

As of June 30, 2025, MEDCO had total bonds and notes payable outstanding of $1,121,287,000, an increase of 22% from June 30, 2024. 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. Aggregate principal payments/reductions on bonds and notes payable during fiscal year 2025 were $55,641,000.

As of June 30, 2024, MEDCO had total bonds and notes payable outstanding of $916,196,000, a decrease of 3% from June 30, 2023. Aggregate principal payments/reductions on bonds and notes payable during fiscal year 2024 were $30,144,000.

During 2025, MEDCO issued debt totaling $260,732,000, including original issue premiums and discounts, to finance the development of the Leonardtown and Morgan HT student housing facilities and the Elkton Southfields Sports Park Complex.

Additional information relating to debt is provided in Note 9 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.

Independent Auditors' Report

To the Board of Directors of
Maryland Economic Development Corporation:

Opinion

We have audited the accompanying financial statements of Maryland Economic Development Corporation (MEDCO), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise MEDCO's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEDCO as of June 30, 2025 and 2024 and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MEDCO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the Unites States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the 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 27, 2025

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Net Position

As of June 30,		*2025*		*2024*
Assets				
Current Assets:				
Cash and cash equivalents	$	29,755,671	$	46,846,186
Short-term investments		10,250,155		6,307,601
Security deposits		208,058		480,411
Deposits with bond trustees — restricted		50,998,093		43,448,060
Funds for replacement of and additions to furnishings and equipment		759,162		570,559
Loans receivable, net		-		25,000
Leases receivable		11,887,532		14,415,246
Rent and other receivables, net		10,725,993		8,728,780
Interest receivable, net		962,661		1,461,524
Inventory		656,075		456,622
Prepaid expenses and other assets		1,562,646		2,715,091
Total Current Assets		117,766,046		125,455,080
Non-current Assets:				
Long-term investments		75,000		75,000
Deposits with bond trustees — restricted		307,574,297		131,645,566
Leases receivable		60,599,626		72,484,421
Prepaid expenses and other assets		1,025,407		1,097,887
Right-of-use assets, net of accumulated amortization of $15,226,009 and $12,074,354, respectively		43,277,429		41,893,778
Right-to-use buildings, net of accumulated amortization of $239,010,436 and $241,676,056, respectively		489,040,342		429,880,613
Capital assets:				
Buildings and improvements		331,223,523		330,755,451
Furnishings and equipment		29,679,568		93,913,035
Construction in progress		7,390		130,446
		360,910,481		424,798,932
Less: accumulated depreciation and amortization		(207,084,158)		(251,760,494)
Net Capital Assets		153,826,323		173,038,438
Total Non-current Assets		1,055,418,424		850,115,703
Total Assets	$	1,173,184,470	$	975,570,783
Deferred Outflow of Resources:				
Deferred advance refunding costs		2,459,268		3,192,528
Total Deferred Outflow of Resources	$	2,459,268	$	3,192,528

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

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Net Position - continued

As of June 30,	*2025*	*2024*
Liabilities and Net Position		
Current Liabilities:		
Accounts payable and accrued expenses	$ 52,684,629	$ 46,266,895
Sales tax payable	471,283	470,169
Advances	3,221,893	3,359,907
Reserve deposits	-	7,885,174
Accrued interest	93,810,321	83,492,560
Advance deposits	3,071,790	2,728,260
Security deposits	599,778	733,282
Accrued ground rent	20,038,660	18,362,470
Lease liability	43,713,878	43,226,942
Bonds and notes payable	112,681,649	107,048,068
Deferred management and service fees payable	17,798,709	16,473,084
Total Current Liabilities	348,092,590	330,046,811
Non-current Liabilities:		
Lease liability	44,751,286	44,007,623
Bonds and notes payable	1,008,605,712	809,148,176
Total Non-current Liabilities	1,053,356,998	853,155,799
Total Liabilities	$ 1,401,449,588	$ 1,183,202,610
Deferred Inflow of Resources:		
Deferred rents and fees	74,364,880	90,420,490
Deferred advance refunding gains	376,883	442,269
Total Deferred Inflow of Resources	$ 74,741,763	$ 90,862,759
Commitments and Contingencies (Notes 11 and 12)		
Net Position:		
Net investment in capital assets	(512,523,310)	(346,864,983)
Restricted under trust indentures	285,039,644	114,410,010
Restricted for capital and other purposes	-	283,771
Unrestricted-Projects	(106,766,179)	(95,771,413)
Unrestricted-MEDCO	33,702,232	32,640,557
Total Net Position	$ (300,547,613)	$ (295,302,058)

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,	*2025*	*2024*
Operating Revenues:		
Operating facilities	$ 177,611,530	$ 182,805,283
Lease	14,496,621	14,329,477
Consulting and management fees	1,784,859	1,909,940
Total Operating Revenues	193,893,010	199,044,700
Operating Expenses:		
Operating facilities	109,396,597	120,913,810
Compensation and benefits	3,628,294	2,871,613
Administrative and general	1,430,479	1,199,964
Depreciation and amortization	49,515,395	46,879,600
Total Operating Expenses	163,970,765	171,864,987
Operating Income	29,922,245	27,179,713
Non-operating Revenues and Expenses:		
Interest income	14,402,908	12,137,850
Interest expense	(53,906,668)	(47,346,501)
Settlement income	158,851	346,120
Bond issuance costs	(4,998,564)	-
Surplus funds distribution and special tax reserve	(437,990)	-
Gain (loss) on sales and retirements of assets, net	9,613,663	(1,014,069)
Net Non-operating Expenses	(35,167,800)	(35,876,600)
Change in Net Position	(5,245,555)	(8,696,887)
Net Position, beginning of year	(295,302,058)	(286,605,171)
Net Position, end of year	$ (300,547,613)	$ (295,302,058)

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,	*2025*	*2024*
Cash Flows from Operating Activities:		
Cash received from leases	$ 14,485,874	$ 14,294,047
Cash received from consulting and management fees	1,654,500	1,844,991
Cash received from guests	46,061,663	49,100,150
Cash received from customer charges	10,105,137	16,100,591
Cash received from parkers	16,585,179	14,467,005
Cash received from tenants	102,510,651	95,670,042
Cash received from tax increment financing	2,467,848	2,442,296
Cash paid for operating expenses	(9,573,137)	(3,103,603)
Cash paid for expenses of operating facilities	(111,389,058)	(107,364,956)
Net Cash and Cash Equivalents Provided by Operating Activities	72,908,657	83,450,563
Cash Flows from Non-capital Financing Activities:		
Advances	(49,967)	360,422
Principal payments on bonds and notes payable	(14,216,652)	(13,936,509)
Net Cash and Cash Equivalents Used in Non-capital Financing Activities	(14,266,619)	(13,576,087)
Cash Flows from Capital and Related Financing Activities:		
Right-to-use buildings expenditures	(78,118,717)	(65,198,855)
Acquistion of right-of-use asset	(3,000,000)	-
Construction, development and equipment expenditures	(3,154,789)	(4,577,054)
Proceeds from issuance of bonds payable	260,731,931	-
Proceeds from sale of capital assets	3,500	550
Bond issuance costs	(4,998,564)	-
Defeasance of bonds	(20,444,300)	-
Net cash received from University of Maryland, Baltimore in connection with bond defeasance	18,718,508	-
Distributions of surplus funds	(360,665)	-
Net funding of funds for replacement of and additions to furnishings and equipment	(188,603)	1,548,991
Interest payments on bonds and notes payable	(1,240,435)	(1,528,783)
Interest paid	(45,288,726)	(39,680,555)
Special tax reserve financing	(77,325)	-
Principal payments on bonds and notes payable	(18,078,676)	(16,207,600)
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	104,503,139	(125,643,306)
Cash Flows from Investing Activities:		
Principal payments on loans receivable	25,000	25,000
Reserve deposits	(7,885,174)	(268,462)
Proceeds from settlement	158,851	346,120
Net sales (purchases) of deposits with bond trustees - restricted	(183,478,764)	46,734,205
Net sales (purchases) of investments	(3,942,554)	2,979,447
Interest received	14,886,949	14,103,464
Net Cash and Cash Equivalents Provided by (Used In) Investing Activities	(180,235,692)	63,919,774
Net Increase (Decrease) in Cash and Cash Equivalents	(17,090,515)	8,150,944
Cash and Cash Equivalents, beginning of year	46,846,186	38,695,242
Cash and Cash Equivalents, end of year	$ 29,755,671	$ 46,846,186

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

Statements of Cash Flows - continued

For the Years Ended June 30,		*2025*		*2024*
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:				
Operating income	$	29,922,245	$	27,179,713
Adjustment to reconcile operating income to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization		49,515,395		46,879,600
Provision for doubtful accounts		1,621,724		4,129,105
Changes in operating assets and liabilities:				
Security deposits		272,353		(89,858)
Leases receivable		14,412,509		14,116,826
Rent and other receivables		(3,878,532)		(5,016,618)
Inventory		(199,453)		43,245
Prepaid expenses and other assets		1,235,013		(59,642)
Accounts payable and accrued expenses		(6,199,839)		5,741,236
Lease liability		(211,282)		(184,285)
Sales tax payable		1,114		26,375
Advances		(71,224)		7,540
Advance deposits		343,530		(468,455)
Security deposits		(133,504)		137,380
Accrued ground rent		1,676,190		4,764,045
Deferred inflow of resources - deferred rents and fees		(15,397,582)		(13,755,644)
Net cash and cash equivalents provided by operating activities	$	72,908,657	$	83,450,563
Schedule of non-cash capital and related financing activities:				
Accrued interest expense on lease liability	$	2,284,114	$	2,356,366
Recognition of right-of-use asset and lease liability		176,130		45,605
Recognition of right-of-use asset		1,359,176		-
Recognition of lease liability		1,265,751		-
Gain (loss) on sales and retirements of assets, net		9,613,663		(1,014,069)
Prepaid deposit capitalized to furnishings and equipment during the current year		-		18,100
Construction, development, and equipment expenditures for capital assets included in accounts payable and accrued expenses		-		99,634
Right-to-use building expenditures included in accounts payable and other accrued expenses		22,280,446		7,156,792
Amortization of lease allowance		28,361		28,361
Amortization of issue premium on bonds		2,698,947		2,622,802
Amortization of issue discount on bonds		261,622		269,940
Amortization of deferred inflow of resources - deferred advance refunding gains		65,386		69,457
Amortization of deferred outflow of resources - deferred advance refunding costs		568,568		637,494

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 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 Statement 91, *Conduit Debt Obligations* (GASB 91). 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, conduit debt obligations, the related assets, revenues, expenses and cash flows are excluded from MEDCO's financial statements.

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.

Recently Adopted Accounting Principles

Effective July 1, 2023, MEDCO adopted GASB Statement 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. This new guidance is effective for fiscal years beginning after December 15, 2023 and should be applied retrospectively. Early adoption is permitted. MEDCO elected to early adopt GASB 101 during the year ended June 30, 2024. There was no material impact on operating income or net position as a result of the adoption of GASB 101.

Effective July 1, 2024, MEDCO adopted GASB Statement 102, *Certain Risk Disclosures* (GASB 102). GASB 102 requires disclosure of significant risks related to vulnerabilities from certain concentrations and constraints that could impact MEDCO's ability to provide services or meet its obligations as they come due. The required disclosures apply if MEDCO is aware of the concentration or constraint prior to issuing the financial statements, and if an event related to the concentration or constraint has occurred or is more likely than not to occur within 12 months of the financial statement date, and is expected to have a significant effect within three years. The adoption of GASB 102 did not warrant any additional disclosure as MEDCO is not aware of any events related to a specific concentration or constraint that has occurred as of the October 27, 2025, and is more than likely than not to occur within 12 months of the financial statement date, and is expected to have a significant effect within three years. Management will continue to monitor and assess any potential impacts on its financial statements due to concentrations and constraints, in accordance with the requirements of GASB 102.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Issued Accounting Principles

In April 2024, the GASB issued Statement 103, *Financial Reporting Model Improvements* (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and addresses certain application issues. The requirements for this Statement (1) will improve MD&A and the quality of the analysis of changes from the prior year, which will enhance the relevance of that information and clarity on what information will be included, (2) will provide clarity regarding which items should be reported separately from other inflows and outflows of resources, (3) will change the definitions of operating revenues and expenses and of nonoperating revenues and expenses improving comparability from government to government, (4) will improve comparability for presentation of major component information, and (5) will require that budgetary comparison information to be presented as required supplementary information, including specified variances columns and explanations of significant variances, which will improve comparability and provide more useful information for decision-making and accountability. This new guidance is effective for fiscal years beginning after June 15, 2025 and should be applied retrospectively. Early adoption is permitted. MEDCO is currently evaluating the timing of its adoption and the impact of adopting GASB 103 on the accompanying financial statements.

In September 2024, the GASB issued Statement 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This new guidance is effective for fiscal years beginning after June 15, 2025 and should be applied retrospectively. Early adoption is permitted. MEDCO is currently evaluating the timing of its adoption and the impact of adopting GASB 104 on the accompanying financial statements.

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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents – continued

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, 2025 and 2024, bank deposits were properly collateralized.

As of June 30, 2025 and 2024, $5,222,854 and $14,123,818, respectively, of cash and cash equivalents were restricted under third party agreements and not available to pay general operating expenses of MEDCO.

Investments

Investments include guaranteed investment contracts, 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 Assets

Security deposits are held in checking and money market accounts and represent cash restricted under state law. As of June 30, 2025, security deposits were underfunded at Morgan View, Thurgood Marshall Hall, Legacy Hall and Harper-Tubman Student Housing at Morgan State University (Morgan), $8,902, and overfunded at University Village at Sheppard Pratt (University Village), $38,081. As of June 30, 2024, security deposits were overfunded at Morgan, $233,701, and University Village, $35,507. The overfundings 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, 2025 and 2024, 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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund for Replacement of and Additions to Furnishings and Equipment - continued

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 most recently amended and restated effective June 30, 2025, and during the forbearance period, the amount to be contributed to the fund is capped at 5% of gross receipts. As of June 30, 2025 and 2024, the reserve fund was underfunded by approximately $280,000 and $294,000, respectively. The shortfall at June 30, 2025 and 2024 is due to timing of the remittance of contributions for June's revenues. As of October 27, 2025, the shortfall at June 30, 2025 and 2024 has been funded.

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, 2025 and 2024.

Leases Receivable

Leases receivable consists primarily of future payments expected to be received under various leases whereby MEDCO is the lessor, under GASB Statement 87, *Leases* (GASB 87) (Note 4). There is no allowance for the leases receivable recorded as of June 30, 2025 and 2024.

Rent and Other Receivables

Rent and other receivables consist of amounts due for rent, management fees, parking 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, 2025 and 2024 totaled $6,441,408 and $6,911,483, respectively.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Right-of-Use-Assets and Amortization

MEDCO has adopted a policy of capitalizing right-of-use assets held under lease liabilities as defined by GASB 87. These assets include leased land, facilities and equipment. The leased assets are recorded at the present value of the lease liability and amortized using a systematic and rational manner over the shorter of the lease term or useful life of the underlying asset. Right-of-use assets are evaluated for impairment on an annual basis under GASB Statement 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, 2025 and 2024, management does not believe that any of the right-of-use assets of MEDCO meet the criteria for impairment as set forth in GASB 51.

Right-to-Use Buildings and Amortization

In 2016, MEDCO was requested to assist in the development of a student housing project for Capitol Technology University. The land underlying the Project is subleased from CTU Foundation (which leases the land from Capitol Technology University) and title to the Project will revert to CTU Foundation upon termination of the sublease. MEDCO will operate and collect revenues from the Project for the duration of the lease term. In accordance with GASB Statement 94, *Public-Private and Public- Public Partnerships and Availability Payment Arrangements* (GASB 94), the arrangement between MEDCO and CTU Foundation qualifies as a SCA. GASB 94 requires that the Project recognize the cost of the student housing facility as an intangible asset, and amortize the asset using the straight line method over the shorter of the life of the ground lease agreement or the useful life of the asset. The intangible asset is reflected as right-to-use buildings in the accompanying statements of net position as of June 30, 2025 and 2024.

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 94, the arrangements between MEDCO and the universities qualifies as a PPP arrangement that meets the definition of a SCA.

MEDCO also assists in the operations of parking garages for the City of Baltimore and the City of Annapolis. The land underlying the Projects are leased from the City of Baltimore and City of Annapolis and title to the Project will revert to the City of Baltimore and City of Annapolis upon termination of the applicable lease. In accordance with GASB 94, the arrangement between MEDCO and the City of Baltimore and City of Annapolis qualify as PPPs that meets the definition of a SCA.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Right-to-use Buildings and Amortization – continued

In 2025, MEDCO entered into a public-private partnership (P3) arrangement to assist in the development of a multi-purpose sports complex in the Town of Elkton. The land underlying the Project is leased from Sideline Southfield Sports Complex, LLC and title to the Project will revert to Sideline Southfield Sports Complex, LLC upon termination of the ground lease. Upon expiration or earlier termination of the ground lease, provided all obligations have been satisfied, title to the improvements and equipment will automatically revert to Sideline Southfield Sports Complex, LLC. In accordance with GASB 94, the arrangement between MEDCO and Sideline Southfield Sports Complex, LLC qualifies as a P3 arrangement that meets the definition of a SCA.

MEDCO will operate and collect revenues from the Projects for the duration of the lease terms. GASB 94 requires that the Project recognize the cost of the student housing facilities,parking garages and multi-purpose sports complex 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, 2025 and 2024.

SCAs and PPPs are evaluated for impairment on an annual basis under GASB 51. As of June 30, 2025 and 2024, management does not believe that any SCAs or PPPs 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. Capital assets are evaluated for impairment on an annual basis under GASB Statement 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, 2025 and 2024, management does not believe that any of the capital assets of MEDCO meet the criteria for impairment as set forth in GASB 42. 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 (UMCP) for the UMCP Energy Project, to be used in accordance with the Project's respective service and management agreements. Reserve deposits totaled $0 and $7,885,174 as of June 30, 2025 and 2024, respectively.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Security Deposits Liabilities

As of June 30, 2025 and 2024, 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 $599,778 and $733,282 as of June 30, 2025 and 2024, respectively.

Advances

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

Respective Operating Facility	Advancer of Funds	2025	2024
MEDCO - for the benefit of Maryland State Archives	Maryland State Archives	$ 919,784	$ 913,109
MEDCO - for the benefit of Howard County-Economic Development Authority	Howard County-Economic Development Authority	29,635	29,635
MEDCO - for the benefit of NIIF - Reservoir Square	Neighborhood Impact Investment Fund (NIIF)	119,560	417,060
MEDCO - for the benefit of University of Maryland College Park Child Care Facility	University of Maryland College Park	42,184	42,292
MEDCO - for the benefit of St. Mary's County	Comissioners of St Mary's County	122,982	83,589
MEDCO - for the benefit of University of Maryland College Park City Hall Project	University of Maryland College Park	277,730	277,730
MEDCO - for the benefit of National Park Service	National Park Service, US Department of Interior	1,710,018	1,508,445
Fayette Square Student Housing at University of Maryland, Baltimore (UMAB)	University of Maryland, Baltimore	-	88,047
Total Advances		$ 3,221,893	$ 3,359,907

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, right-to-use buildings and right-of-use assets and their 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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Net Position – continued

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.

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, 2025 and 2024, 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, 2025 and 2024, MEDCO recognized deferred advance refunding gains and deferred rents and fees, which do not meet the availability criteria, as a deferred inflow of resources on the accompanying statements of net position.

Revenue Recognition

Revenues related to the leasing of apartments are recognized monthly over the terms of the leases. Revenues related to leasing of office buildings and other facilities are recognized in accordance with GASB 87 (Note 4). 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 a deferred inflow of resources in the accompanying statements of net position. Revenues from management and consulting fees is recognized over time as the services are performed. Fees are generally based on a fixed amount plus certain variable costs pertaining to project costs and are billed on a monthly basis. All other revenue is recognized when the service is provided.

Deferred Rents and Fees

Deferred rents and fees represent amounts received or receivable for future rental periods on leases or parking agreements in effect as of June 30, 2025 and 2024.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $1,275,538 and $1,371,974 for the years ended June 30, 2025 and 2024, respectively and are included in operating facilities expenses within the accompanying statements of revenues, expenses and changes in net position.

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, and bond issuance costs, are reported as non-operating revenues and expenses.

Subsequent Events

MEDCO has evaluated for disclosure any subsequent events through October 27, 2025, the date the financial statements were available to be issued, and determined there were no material events that warrant disclosure.

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED

Pursuant to the provisions of the trust indentures relating to certain bonds payable (Note 9), deposits with bond trustees include the following reserve funds and restricted accounts as of June 30,:

	2025	2024
Current Assets:		
Working capital and operating expense funds	$ 212,934	$ 1,306,977
Revenue funds	10,229,185	10,396,579
Interest funds	8,991,778	8,038,112
Principal funds	9,093,116	11,116,805
Operating reserve funds	1,515,866	1,424,535
Escrow funds	-	2,569,119
Capitalized interest	19,699,666	-
Other funds	1,255,548	8,595,933
Current portion	50,998,093	43,448,060
Non-current Assets:		
Debt service reserve funds	69,644,901	57,280,768
Surplus funds	22,168,398	13,825,721
Repairs and replacement funds	24,760,568	24,096,262
Construction funds	163,883,603	29,073,053
Operating reserve funds	4,782,267	5,043,160
Capital reserve funds	4,714,310	2,117,756
Other funds	17,620,250	208,846
Non-current portion	307,574,297	131,645,566
Total deposits with bond trustees	$ 358,572,390	$ 175,093,626

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 $13,218,000 and $9,947,000 for the years ended June 30, 2025 and 2024, 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.

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

Investments of deposits with trustees are summarized as follows as of June 30,:

	2025	2024
Purchase and resale agreements:		
Bearing interest at rates from 5.76% to 6.36% and maturing through June 1, 2031	$ 40,840,407	$ 2,598,580
Guaranteed investment contracts:		
Bearing interest at 5.12% and maturing through November 9, 2025	107,840,688	41,329,638
Government obligations:		
United States treasury bills purchased at a discount and maturing through May 15, 2040	2,598,580	1,205,893
Money market funds:		
United States government money market funds	207,292,715	129,959,515
Total deposits with bond trustees	$ 358,572,390	$ 175,093,626

The credit ratings of these investments were rated Baa3 and A2 by Moody's and between BBB- and A- by Standard and Poor's as of June 30, 2025. The credit ratings of these investments were rated between Baa3 and AA by Moody's and BBB- and BB+ by Standard and Poor's as of June 30, 2024.

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

Interest Rate Risk – The trustees have limited investments to money market, mutual funds and guaranteed investment contracts (GIC) 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.

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

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, 2025 and 2024.

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, 2025 and 2024.

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

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, 2025, the repair and replacement funds were underfunded at Christa McAuliffe Student Housing at Bowie State University (Bowie), $581,000, CBCC, $280,000, Edgewood Commons Student Housing at Frostburg State University (Frostburg), $685,000, West Village (Towson WV) and Millennium Hall (Towson MH) Student Housing at Towson University, $366,000. As of June 30, 2024, the repair and replacement funds were underfunded at CBCC, $294,000, Bowie Entrepreneurship Living-Learning Center at Bowie State University (Bowie ELLC), $238,000, Frostburg, $590,000, Towson WV and Towson MH Student Housing at Towson University, $835,000 and Fayette Square Student Housing at University of Maryland, Baltimore (UMAB), $141,000. As of October 27, 2025, the shortfalls as of June 30, 2025 and 2024 have been funded.

2. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

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, 2025:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Guaranteed investment contracts	$ -	$ 107,840,688	$ -	$107,840,688
Debt securities				
Purchase and resale agreements	-	40,840,407	-	40,840,407
US treasury obligations	2,598,580	-	-	2,598,580
Total investments by fair value level	$ 2,598,580	$ 148,681,095	$ -	$151,279,675

The following table sets forth by level, within the fair value hierarchy, MEDCO's investments at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Guaranteed investment contracts	$ -	$ 41,329,638	$ -	$ 41,329,638
Debt securities				
Purchase and resale agreements	-	2,598,580	-	2,598,580
US treasury obligations	1,205,893	-	-	1,205,893
Total investments by fair value level	$ 1,205,893	$ 43,928,218	$ -	$ 45,134,111

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 9).

As of June 30, 2025 and 2024, there was one loan receivable totaling $730,908 recorded in the accompanying financial statements, on non-accrual status and fully reserved.

4. LEASES RECEIVABLE

The leasing operations of MEDCO consist primarily of the leasing of office buildings and other facilities.

MEDCO follows GASB 87 related to the leasing of office buildings and other facilities in which MEDCO receives rental income over the course of several years, as defined within each agreement, in which MEDCO is the lessor. GASB 87 requires lessors to present a lease receivable and deferred inflow of resources on the statements of net position. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the fair value of the lease receivable plus any payments received at or before commencement of the lease term that relates to future periods. The present value of lease payments is measured by using the discount rate implicit within each individual agreement or MEDCO's incremental borrowing rate, as determined by management. Interest income on the lease receivable is recognized on the straight-line basis over the term of each lease. Under GASB 87, the leases receivable totaled $72,487,158 and $86,899,667 as of June 30, 2025 and 2024, respectively. Interest income totaled $1,184,923 and $1,562,519 for the years ended June 30, 2025 and 2024, respectively, as reflected in the accompanying statements of revenues, expenses, and changes in net position.

The weighted-average remaining lease term is 6.02 and 6.81 years as of June 30, 2025 and 2024, respectively, and the weighted-average discount rate is 5.25% as of June 30, 2025 and 2024.

The following table presents future minimum lease principal and interest to be recognized during the years ending June 30,:

	Total	Principal	Interest
2026	$ 12,837,876	$ 11,887,532	$ 950,344
2027	12,819,526	12,033,038	786,488
2028	12,735,021	12,115,265	619,756
2029	12,821,898	12,371,119	450,779
2030	12,337,254	12,051,205	286,049
2031 - 2035	12,172,144	12,028,999	143,145
	$ 75,723,719	$ 72,487,158	$ 3,236,561

5. RIGHT-OF-USE ASSETS

Right-of-use assets activity is summarized as follows for the years ended June 30,:

2025	Beginning balance	Additions	Retirements	Ending balance
Buildings and improvements	$ 53,968,132	$ 1,535,306	$ -	$ 55,503,438
Land and improvements	-	3,000,000	-	3,000,000
Less: accumulated amortization	(12,074,354)	(3,151,655)	-	(15,226,009)
Right-of-use assets, net	$ 41,893,778	$ 1,383,651	$ -	$ 43,277,429

2024	Beginning balance	Additions	Retirements	Ending balance
Buildings and improvements	$ 53,922,527	$ 45,605	$ -	$ 53,968,132
Less: accumulated amortization	(9,008,254)	(3,066,100)	-	(12,074,354)
Right-of-use assets, net	$ 44,914,273	$ (3,020,495)	$ -	$ 41,893,778

6. RIGHT-TO-USE BUILDINGS

Pursuant to GASB 94, the PPPs and SCAs between MEDCO and certain projects of the University System of Maryland, CTU Foundation, the City of Baltimore and the City of Annapolis, the Projects have recorded a right-to-use buildings asset on the accompanying statements of net position. Under GASB 94, 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.

6. RIGHT-TO-USE BUILDINGS – continued

Fayette Square Student Housing at University of Maryland (UMAB) Sale

On February 28, 2025, the State of Maryland, on behalf of the University System of Maryland, exercised its option to purchase MEDCO's leasehold interest in UMAB (Note 6). In accordance with the terms of the sale agreement, $20,444,000 was funded to purchase State and Local Government Securities (SLGS) to defease the outstanding portion of its Series 2015 UMAB revenue bonds, which had an aggregate principal amount outstanding of $19,950,000. These funds were deposited into an irrevocable trust with an escrow agent. Concurrently, the University of Maryland, Baltimore, funded $21,120,000 to redeem the bonds, which was offset by $1,401,862 in cash due to the University of Maryland, Baltimore, resulting in net cash received of $18,718,508. The funds held in trust, together with interest earned, are sufficient to satisfy all future debt service requirements on the defeased and redeemed bonds, including principal, interest, and any applicable redemption premiums. Accordingly, the defeased and redeemed bonds are considered legally satisfied and have been removed from the accompanying statements of net position. The liability for these bonds and the related assets held in trust have been removed from the accompanying financial statements in accordance with the provisions of GASB Statement 7, *Advance Refundings Resulting in Defeasance of Debt*.

Right-to-use building activity for the years ended June 30, 2025 and 2024 is summarized as follows:

2025	Beginning balance	Additions	Sales and retirements/ Placed into service	Ending balance
Buildings and improvements	$ 539,192,542	$ 84,415,657	$ (27,996,667)	$ 595,611,532
Furnishings and equipment	65,132,210	8,029,079	(8,764,845)	64,396,444
Construction in progress	67,231,917	84,915,520	(84,104,635)	68,042,802
	671,556,669	177,360,256	(120,866,147)	728,050,778
Less: accumulated amortization	(241,676,056)	(24,303,661)	26,969,281	(239,010,436)
Right-to-use buildings, net	$ 429,880,613	$ 153,056,595	$ (93,896,866)	$ 489,040,342

2024	Beginning balance	Additions	Sales and retirements/ Placed into service	Ending balance
Buildings and improvements	$ 533,676,942	$ 6,914,115	$ (1,398,515)	$ 539,192,542
Furnishings and equipment	63,003,680	5,939,084	(3,810,554)	65,132,210
Construction in progress	22,367,680	46,648,258	(1,784,021)	67,231,917
	619,048,302	59,501,457	(6,993,090)	671,556,669
Less: accumulated amortization	(224,603,249)	(21,658,993)	4,586,186	(241,676,056)
Right-to-use buildings, net	$ 394,445,053	$ 37,842,464	$ (2,406,904)	$ 429,880,613

7. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2025 and 2024 is summarized as follows:

2025	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 330,755,451	$ 1,068,936	$ (600,864)	$ 331,223,523
Furnishings and equipment	93,913,035	2,111,144	(66,344,611)	29,679,568
Construction in progress	130,446	-	(123,056)	7,390
	424,798,932	3,180,080	(67,068,531)	360,910,481
Less: accumulated depreciation	(251,760,494)	(22,060,079)	66,736,415	(207,084,158)
Net capital assets	$ 173,038,438	$ (18,879,999)	$ (332,116)	$ 153,826,323

2024	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 329,999,076	$ 1,783,232	$ (1,026,857)	$ 330,755,451
Furnishings and equipment	93,090,712	2,811,234	(1,988,911)	93,913,035
Construction in progress	125,419	5,027	-	130,446
	423,215,207	4,599,493	(3,015,768)	424,798,932
Less: accumulated depreciation	(232,499,985)	(21,885,091)	2,624,582	(251,760,494)
Net capital assets	$ 190,715,222	$ (17,285,598)	$ (391,186)	$ 173,038,438

8. OPERATING FACILITIES

Operating facilities in operation or development during the years ended June 30, 2025 and 2024 included the following:

- Annapolis Mobility and Resilience Project (Annapolis Garage), one parking garage and additional street and surface level parking located in Annapolis, Maryland. The project began operations in June 2023.
- 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 Entrepreneurship Living-Learning Center at Bowie State University (Bowie ELLC), an apartment project located in Prince George’s County, Maryland. The project was completed and opened in August 2021.

8. OPERATING FACILITIES – continued

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

- 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.

- Southfield Sports Park Complex (Elkton), a sports complex located in the town of Elkton, Cecil County, Maryland. Construction began in 2025 with total construction costs as of June 30, 2025 of approximately $4,919,000.

- 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.

- The University of Maryland, College Park, Leonardtown Project (Leonardtown), an apartment project located in Prince George's County, Maryland. Construction began in 2025 with total construction costs as of June 30, 2025 of approximately $64,511,000.

- 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 (MV), Thurgood Marshall Hall (TMH), Legacy Hall (LH) and Harper-Tubman (HT) Student Housing (Morgan) at Morgan State University, an apartment project located in Baltimore City, Maryland. Morgan View, Thurgood Marshall Hall and Legacy Hall were completed and opened in August 2003, August 2022, and August 2024, respectively. Construction of Harper-Tubman began in 2025 with total construction costs as of June 30, 2025 of approximately $2,456,000.

- 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. The project was sold in February 2025 with a final distribution of remaining assets occurring in May 2025 (Notes 6 and 9).

8. OPERATING FACILITIES – continued

- 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.

- 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. The project was disposed of in December 2024 with a final distribution of remaining assets occurring in May 2025 (Note 9).

- 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 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 $847,660 and $630,769 (including $113,520 capitalized within capital assets), for the years ended June 30, 2025 and 2024, respectively. Net non-operating expenses for the years ended June 30, 2025 and 2024 include interest expense related to debt service of operating facilities totaling $52,604,725 and $45,736,244, 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, 2025 and 2024 are included on the following pages:

Statement of Net Position
As of June 30, 2025

Assets	MEDCO, exclusive of operating facilities	Operating Facilities																		Eliminations	Total
		Annapolis Garage	Bowie	Bowie ELLC	City Garages	CTU	CBCC	Elkton	Frostburg	Leonardtown	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village		
Current Assets:																					
Cash and cash equivalents	$ 12,548,683	$ 70,729	$ 1,128,487	$ 1,043,198	$ 75,019	$ 173,887	$ 641,285	$ -	$ 405,152	$ -	$ 496,183	$ 4,112,391	$ 1,752,485	$ 1,377,712	$ -	$ 1,407,364	$ -	$ 4,248,261	$ 274,835	$ -	$ 29,755,671
Short-term investments	10,250,155	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,250,155
Security deposits	-	-	-	-	-	-	-	-	-	-	-	169,977	-	-	-	-	-	-	38,081	-	208,058
Deposits with bond trustees — restricted	2,029,591	2,338,346	119,417	1,544,700	313,881	173,002	5,635,115	7,340,910	681,000	7,573,662	2,000,082	14,158,587	224,785	2,805,010	-	1,383,825	-	867,592	1,808,588	-	50,998,093
Funds for replacement of and additions to																					
furnishings and equipment	-	-	-	-	-	-	759,162	-	-	-	-	-	-	-	-	-	-	-	-	-	759,162
Leases receivable	11,887,532	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,887,532
Rent and other receivables, net	5,619,856	1,376,698	301,025	359,281	515,673	91,472	2,678,282	-	43,366	-	-	261,948	11,288	166,483	-	42,507	-	217,640	60,624	(1,020,150)	10,725,993
Related party receivable	90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(90)	-
Interest receivable, net	176,229	18,800	13,958	15,000	31,502	4,806	19,517	223,295	8,957	147,052	16,423	139,693	14,220	-	-	18,612	-	91,174	23,423	-	962,661
Inventory	-	-	-	-	-	-	656,075	-	-	-	-	-	-	-	-	-	-	-	-	-	656,075
Prepaid expenses and other assets	4,657	-	40,078	44,522	216,604	6,153	576,263	-	26,088	-	-	139,155	49,334	143,181	-	54,645	-	219,187	42,779	-	1,562,646
Total Current Assets	42,516,793	3,804,573	1,602,965	3,006,701	1,152,679	449,320	10,965,699	7,564,205	1,164,563	7,720,714	2,512,688	18,981,751	2,052,112	4,492,386	-	2,906,953	-	5,643,854	2,248,330	(1,020,240)	117,766,046
Non-current Assets:																					
Long-term investments	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000
Deposits with bond trustees — restricted	7,386,977	2,407,655	3,790,781	3,415,907	9,318,820	1,166,283	2,316,672	37,594,027	1,824,163	102,208,783	2,773,182	88,323,616	3,697,759	6,761,802	-	3,761,374	-	25,484,280	5,342,216	-	307,574,297
Leases receivable	60,599,626	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,599,626
Related party receivable	12,292,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,292,160)	-
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	709,090	-	-	-	316,317	-	-	1,025,407
Right-of-use assets, net of accumulated amortization	1,532,411	-	-	-	-	-	18,139,787	2,968,750	-	-	-	-	-	-	-	-	-	-	20,636,481	-	43,277,429
Right-to-use buildings, net of accumulated amortization	-	33,876,217	4,946,986	37,252,005	50,856,341	10,946,197	-	4,918,533	4,349,071	64,511,274	-	163,269,584	12,402,612	17,623,897	-	11,689,312	-	76,648,256	-	(4,249,943)	489,040,342
Capital assets:																					
Buildings and improvements	146,849,654	-	-	-	-	-	133,791,691	-	-	-	26,362,372	-	-	-	-	-	-	-	24,948,327	(728,521)	331,223,523
Furnishings and equipment	543,357	-	-	-	-	-	23,712,850	-	-	-	-	-	-	-	-	-	-	-	5,423,361	-	29,679,568
Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,390	-	7,390
	147,393,011	-	-	-	-	-	157,504,541	-	-	-	26,362,372	-	-	-	-	-	-	-	30,379,078	(728,521)	360,910,481
Less: accumulated depreciation and amortization	(73,292,128)	-	-	-	-	-	(106,532,639)	-	-	-	(9,468,842)	-	-	-	-	-	-	-	(18,270,171)	479,622	(207,084,158)
Net Capital Assets	74,100,883	-	-	-	-	-	50,971,902	-	-	-	16,893,530	-	-	-	-	-	-	-	12,108,907	(248,899)	153,826,323
Total Non-current Assets	155,987,057	36,283,872	8,737,767	40,667,912	60,175,161	12,112,480	71,428,361	45,481,310	6,173,234	166,720,057	19,666,712	251,593,200	16,100,371	25,094,789	-	15,450,686	-	102,448,853	38,087,604	(16,791,002)	1,055,418,424
Total Assets	$ 198,503,850	$ 40,088,445	$ 10,340,732	$ 43,674,613	$ 61,327,840	$ 12,561,800	$ 82,394,060	$ 53,045,515	$ 7,337,797	$ 174,440,771	$ 22,179,400	$ 270,574,951	$ 18,152,483	$ 29,587,175	$ -	$ 18,357,639	$ -	$ 108,092,707	$ 40,335,934	$ (17,811,242)	$ 1,173,184,470
Deferred Outflow of Resources:																					
Deferred advance refunding costs	-	-	19,894	-	-	-	1,336,910	-	91,875	-	-	-	50,114	-	-	-	-	886,337	74,138	-	2,459,268
Total Deferred Outflow of Resources	-	-	19,894	-	-	-	1,336,910	-	91,875	-	-	-	50,114	-	-	-	-	886,337	74,138	-	2,459,268
Liabilities and Net Position																					
Current Liabilities:																					
Accounts payable and accrued expenses	$ 13,731,078	$ 2,118,103	$ 749,714	$ 377,717	$ 197,891	$ 194,516	$ 4,234,436	$ 1,464,719	$ 638,362	$ 17,572,520	$ 176,398	$ 8,187,287	$ 341,305	$ 822,193	$ -	$ 693,850	$ -	$ 1,586,835	$ 617,855	$ (1,020,150)	$ 52,684,629
Sales tax payable	-	-	-	-	-	-	471,283	-	-	-	-	-	-	-	-	-	-	-	-	-	471,283
Related party payable	-	-	-	-	-	-	90	-	-	-	-	-	-	-	-	-	-	-	-	(90)	-
Advances	3,221,893	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,221,893
Accrued interest	4,560	-	38,583	944,700	243,047	135,145	65,711,832	747,550	103,500	3,786,831	650,878	5,649,088	49,937	760,000	-	260,315	-	385,092	14,339,263	-	93,810,321
Advance deposits	-	-	-	-	-	-	3,071,790	-	-	-	-	-	-	-	-	-	-	-	-	-	3,071,790
Security deposits	-	-	-	-	-	-	-	-	900	-	-	178,878	-	-	-	-	-	420,000	-	-	599,778
Accrued ground rent	-	-	172,657	-	1,253,075	-	-	-	276,169	-	-	2,371,839	2,467,413	-	-	-	-	13,497,507	-	-	20,038,660
Lease liability	146,850	-	-	-	-	-	31,249,666	-	-	-	-	-	-	-	-	-	-	-	12,317,362	-	43,713,878
Bonds and notes payable	11,688,786	-	970,000	600,000	850,000	366,100	83,955,000	-	770,000	-	615,000	1,285,000	1,555,000	2,045,000	-	1,060,000	-	5,790,000	1,131,763	-	112,681,649
Deferred management and service fees payable	-	-	-	-	-	-	29,672,204	-	-	-	-	-	-	-	-	-	-	-	-	(11,873,495)	17,798,709
Total Current Liabilities	28,793,167	2,118,103	1,930,954	1,922,417	2,544,013	695,761	218,366,301	2,212,269	1,788,931	21,359,351	1,442,276	17,672,092	4,413,655	3,627,193	-	2,014,165	-	21,679,434	28,406,243	(12,893,735)	348,092,590
Non-current Liabilities:																					
Related party payable	-	-	-	-	-	-	418,665	-	-	-	-	-	-	-	-	-	-	-	-	(418,665)	-
Lease liability	1,658,709	-	-	-	-	-	19,862,292	-	-	-	-	-	-	-	-	-	-	-	23,230,285	-	44,751,286
Bonds and notes payable	64,334,705	46,628,718	8,446,446	47,580,617	61,457,875	10,494,425	98,451,804	53,899,527	7,853,706	155,659,029	29,063,208	264,347,896	10,757,005	29,773,717	-	11,492,916	-	95,549,517	12,814,601	-	1,008,605,712
Total Non-current Liabilities	65,993,414	46,628,718	8,446,446	47,580,617	61,457,875	10,494,425	118,732,761	53,899,527	7,853,706	155,659,029	29,063,208	264,347,896	10,757,005	29,773,717	-	11,492,916	-	95,549,517	36,044,886	(418,665)	1,053,356,998
Total Liabilities	$ 94,786,581	$ 48,746,821	$ 10,377,400	$ 49,503,034	$ 64,001,888	$ 11,190,186	$ 337,099,062	$ 56,111,796	$ 9,642,637	$ 177,018,380	$ 30,505,484	$ 282,019,988	$ 15,170,660	$ 33,400,910	$ -	$ 13,507,081	$ -	$ 117,228,951	$ 64,451,129	$ (13,312,400)	$ 1,401,449,588
Deferred Inflow of Resources:																					
Deferred rents and fees	72,208,057	-	109,247	68,059	5,831	57,643	-	-	25,480	-	-	554,760	184,601	242,921	-	86,282	-	720,321	101,678	-	74,364,880
Deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	-	241,613	-	102,930	-	32,340	-	-	-	-	376,883
Total Deferred Inflow of Resources	72,208,057	-	109,247	68,059	5,831	57,643	-	-	25,480	-	-	796,373	184,601	345,851	-	118,622	-	720,321	101,678	-	74,741,763
Net Position:																					
Net investments in capital assets	(2,193,020)	(12,752,501)	(4,449,566)	(10,928,612)	(11,451,534)	85,672	(154,070,163)	(46,012,244)	(4,182,760)	(91,147,755)	(12,784,678)	(102,604,925)	140,721	(14,297,750)	-	(895,944)	-	(23,804,924)	(16,674,485)	(4,498,842)	(512,523,310)
Restricted under trust indentures	-	4,094,125	4,323,545	5,032,132	8,771,655	1,228,299	-	42,945,963	1,944,315	88,570,146	4,458,594	90,363,515	2,706,615	10,138,164	-	5,627,880	-	14,834,696	-	-	285,039,644
Unrestricted-Projects	-	-	-	-	-	-	(99,297,929)	-	-	-	-	-	-	-	-	-	-	-	(7,468,250)	-	(106,766,179)
Unrestricted-MEDCO	33,702,232	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,702,232
Total Net Position	$ 31,509,212	$ (8,658,376)	$ (126,021)	$ (5,896,480)	$ (2,679,879)	$ 1,313,971	$ (253,368,092)	$ (3,066,281)	$ (2,238,445)	$ (2,577,609)	$ (8,326,084)	$ (12,241,410)	$ 2,847,336	$ (4,159,586)	$ -	$ 4,731,936	$ -	$ (8,970,228)	$ (24,142,735)	$ (4,498,842)	$ (300,547,613)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	MEDCO, exclusive of operating facilities	Operating Facilities																		Eliminations	Total
		Annapolis Garage	Bowie	Bowie ELLC	City Garages	CTU	CBCC	Elkton	Frostburg	Leonardtown	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village		
Operating Revenues:																					
Operating facilities	$ -	$ 7,875,339	$ 4,421,242	$ 5,309,486	$ 8,613,446	$ 1,379,221	$ 45,441,412	$ -	$ 2,949,075	$ -	$ 2,467,848	$ 21,712,334	$ 7,800,747	$ 11,037,920	$ 3,328,350	$ 6,341,479	$ 8,036,990	$ 34,393,521	$ 6,503,120	$ -	$ 177,611,530
Lease	14,496,621	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,496,621
Consulting and management fees	5,826,326	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,041,467)	1,784,859
Total Operating Revenues	20,322,947	7,875,339	4,421,242	5,309,486	8,613,446	1,379,221	45,441,412	-	2,949,075	-	2,467,848	21,712,334	7,800,747	11,037,920	3,328,350	6,341,479	8,036,990	34,393,521	6,503,120	(4,041,467)	193,893,010
Operating Expenses:																					
Operating facilities	-	5,209,837	2,643,107	2,498,536	4,404,544	608,793	39,303,934	-	1,595,143	-	442,235	7,342,816	4,740,999	5,890,094	2,276,966	3,474,325	8,037,090	21,043,076	2,583,071	(2,697,969)	109,396,597
Compensation and benefits	3,628,294	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,628,294
Administrative and general	1,430,479	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,430,479
Depreciation and amortization	14,340,982	1,191,153	742,983	1,707,590	2,119,950	624,283	7,336,805	31,250	699,941	-	900,988	5,644,407	1,733,508	2,051,816	701,237	1,368,504	-	5,831,248	2,623,511	(134,761)	49,515,395
Total Operating Expenses	19,399,755	6,400,990	3,386,090	4,206,126	6,524,494	1,233,076	46,640,739	31,250	2,295,084	-	1,343,223	12,987,223	6,474,507	7,941,910	2,978,203	4,842,829	8,037,090	26,874,324	5,206,582	(2,832,730)	163,970,765
Operating Income (Loss)	923,192	1,474,349	1,035,152	1,103,360	2,088,952	146,145	(1,199,327)	(31,250)	653,991	-	1,124,625	8,725,111	1,326,240	3,096,010	350,147	1,498,650	(100)	7,519,197	1,296,538	(1,208,737)	29,922,245
Non-operating Revenues and Expenses:																					
Interest income	1,839,218	230,402	167,173	174,234	404,731	66,316	401,176	620,381	102,980	5,605,778	190,923	2,000,280	301,387	376,826	67,652	188,943	76,994	1,348,272	239,242	-	14,402,908
Interest expense	(1,301,943)	(2,312,144)	(473,489)	(1,654,806)	(2,906,129)	(393,000)	(13,895,649)	(752,141)	(409,768)	(6,726,706)	(1,291,412)	(11,032,015)	(597,325)	(1,428,564)	(621,202)	(406,865)	-	(3,856,799)	(3,846,711)	-	(53,906,668)
Settlement income	-	-	-	-	-	-	-	-	-	-	-	-	-	70,055	507	14,483	-	12,625	61,181	-	158,851
Bond issuance costs	-	-	-	-	-	-	-	(2,825,946)	-	(1,456,681)	-	(715,937)	-	-	-	-	-	-	-	-	(4,998,564)
Surplus funds distribution and special tax reserve	-	-	-	-	-	-	-	(77,325)	-	-	-	-	-	-	-	-	(360,665)	-	-	-	(437,990)
Gain (loss) on sales and retirements of assets, net	-	-	-	(7,784)	-	-	(205,560)	-	(25,326)	-	-	-	(186,670)	(266,532)	10,389,038	(20,669)	-	(62,834)	-	-	9,613,663
Net Non-operating Revenues (Expenses)	537,275	(2,081,742)	(306,316)	(1,488,356)	(2,501,398)	(326,684)	(13,700,033)	(3,035,031)	(332,114)	(2,577,609)	(1,100,489)	(9,747,672)	(482,608)	(1,248,215)	9,835,995	(224,108)	(283,671)	(2,558,736)	(3,546,288)	-	(35,167,800)
Changes in Net Position	1,460,467	(607,393)	728,836	(384,996)	(412,446)	(180,539)	(14,899,360)	(3,066,281)	321,877	(2,577,609)	24,136	(1,022,561)	843,632	1,847,795	10,186,142	1,274,542	(283,771)	4,960,461	(2,249,750)	(1,208,737)	(5,245,555)
Net Position, beginning of year	30,048,745	(8,050,983)	(854,857)	(5,511,484)	(2,267,433)	1,494,510	(238,468,732)	-	(2,560,322)	-	(8,350,220)	(11,218,849)	2,003,704	(6,007,381)	(10,186,142)	3,457,394	283,771	(13,930,689)	(21,892,985)	(3,290,105)	(295,302,058)
Net Position, end of year	$ 31,509,212	$ (8,658,376)	$ (126,021)	$ (5,896,480)	$ (2,679,879)	$ 1,313,971	$ (253,368,092)	$ (3,066,281)	$ (2,238,445)	$ (2,577,609)	$ (8,326,084)	$ (12,241,410)	$ 2,847,336	$ (4,159,586)	$ -	$ 4,731,936	$ -	$ (8,970,228)	$ (24,142,735)	$ (4,498,842)	$ (300,547,613)

Statement of Cash Flows
For the Year Ended June 30, 2025

	MEDCO, exclusive of operating facilities	Operating Facilities																		Eliminations	Total
		Annapolis Garage	Bowie	Bowie ELLC	City Garages	CTU	CBCC	Elkton	Frostburg	Leonardtown	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village		
Cash Flows from Operating Activities:																					
Cash received from leases	$ 14,485,874	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,485,874
Cash received from consulting and management fees	4,545,844	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,891,344)	1,654,500
Cash received from guests	-	-	-	-	-	-	46,061,663	-	-	-	-	-	-	-	-	-	-	-	-	-	46,061,663
Cash received from customer charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,105,137	-	-	-	10,105,137
Cash received from parkers	-	7,102,094	-	-	9,483,085	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,585,179
Cash received from tenants	-	-	3,430,179	4,216,512	-	1,394,953	-	-	2,897,397	-	-	21,964,132	7,840,354	10,593,942	3,128,448	6,310,729	-	34,245,322	6,488,683	-	102,510,651
Cash received from tax increment financing	-	-	-	-	-	-	-	-	-	-	2,467,848	-	-	-	-	-	-	-	-	-	2,467,848
Cash paid for operating expenses	(9,573,137)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,573,137)
Cash paid for expenses of operating facilities	-	(7,075,529)	(2,596,052)	(1,892,787)	(3,551,305)	(945,878)	(37,353,264)	-	(1,433,176)	-	(451,862)	(6,954,904)	(3,872,693)	(6,208,340)	(2,172,432)	(3,266,271)	(10,107,537)	(22,624,200)	(2,418,091)	1,535,263	(111,389,058)
Net Cash and Cash Equivalents Provided by (Used in) Operating Activities	9,458,581	26,565	834,127	2,323,725	5,931,780	449,075	8,708,399	-	1,464,221	-	2,015,986	15,009,228	3,967,661	4,385,602	956,016	3,044,458	(2,400)	11,621,122	4,070,592	(1,356,081)	72,908,657
Cash Flows from Non-capital Financing Activities:																					
Advances	(49,967)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(49,967)
Advances from (to) related party	(90)	-	-	-	-	-	90	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payments on bonds and notes payable	(14,216,652)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,216,652)
Net Cash and Cash Equivalents Provided by (Used in) Non-capital Financing Activities	(14,266,709)	-	-	-	-	-	90	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,266,619)
Cash Flows from Capital and Related Financing Activities:																					
Right-to-use buildings expenditures	-	-	(188,094)	(166,222)	(101,755)	-	-	(3,453,814)	(212,590)	(46,938,754)	-	(21,623,716)	(1,317,736)	(937,869)	(246,365)	(1,123,792)	-	(3,164,091)	-	1,356,081	(78,118,717)
Acquisition of right-of-use asset	-	-	-	-	-	-	-	(3,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	(3,000,000)
Advances from (to) related party	73,400	-	-	-	-	-	-	-	-	-	-	-	-	(73,400)	-	-	-	-	-	-	-
Construction, development, and equipment expenditures	(399,709)	-	-	-	-	-	(2,039,856)	-	-	-	-	-	-	-	-	-	-	-	(715,224)	-	(3,154,789)
Proceeds from issuance of bonds payable	-	-	-	-	-	-	-	53,894,936	-	155,895,885	-	50,941,110	-	-	-	-	-	-	-	-	260,731,931
Proceeds from sale of capital assets	-	-	-	-	-	-	3,500	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500
Bond issuance costs	-	-	-	-	-	-	-	(2,825,946)	-	(1,456,681)	-	(715,937)	-	-	-	-	-	-	-	-	(4,998,564)
Defeasance of bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,444,300)	-	-	-	-	-	(20,444,300)
Net cash received from University	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,718,508	-	-	-	-	-	18,718,508
Distribution of surplus funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(360,665)	-	-	-	(360,665)
Net funding of funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	-	(188,603)	-	-	-	-	-	-	-	-	-	-	-	-	-	(188,603)
Interest payments on bonds and notes payable	(1,240,435)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,240,435)
Interest paid	(58,254)	(3,541,886)	(509,252)	(1,900,001)	(2,948,001)	(401,829)	(8,634,103)	-	(428,801)	(3,176,731)	(1,312,162)	(11,332,337)	(673,250)	(1,706,486)	(1,808,156)	(541,030)	-	(4,840,500)	(1,475,947)	-	(45,288,726)
Special tax reserve financing	-	-	-	-	-	-	-	(77,325)	-	-	-	-	-	-	-	-	-	-	-	-	(77,325)
Principal payments on bonds and notes payable	-	-	(925,000)	(530,000)	(820,000)	(397,800)	-	-	(740,000)	-	(555,000)	(1,225,000)	(1,480,000)	(1,960,000)	(1,365,000)	(1,020,000)	-	(5,485,000)	(1,575,876)	-	(18,078,676)
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	(1,624,998)	(3,541,886)	(1,622,346)	(2,596,223)	(3,869,756)	(799,629)	(10,859,062)	44,537,851	(1,381,391)	104,323,719	(1,867,162)	16,044,120	(3,470,986)	(4,677,755)	(5,145,313)	(2,684,822)	(360,665)	(13,489,591)	(3,767,047)	1,356,081	104,503,139
Cash Flows from Investing Activities:																					
Principal payments on loans receivable	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Related party payable deposits	(8,160,019)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,160,019	-	-	-	-
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,885,174)	-	-	-	(7,885,174)
Proceeds from settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	70,055	507	14,483	-	12,625	61,181	-	158,851
Net sales (purchases) of deposits with bond trustees - restricted	1,264,797	3,342,096	43,318	(330,021)	(2,529,871)	312,818	2,249,095	(44,934,937)	(75,638)	(109,782,445)	(275,868)	(32,806,629)	(38,390)	(755,904)	3,105,353	(297,733)	-	(351,667)	(1,617,138)	-	(183,478,764)
Net purchases of investments	(3,942,554)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,942,554)
Interest received	1,895,386	243,954	169,793	179,887	401,039	68,924	415,816	397,086	104,011	5,458,726	193,040	2,698,065	302,518	376,826	81,303	190,861	88,220	1,381,690	239,804	-	14,886,949
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	(8,917,390)	3,586,050	213,111	(150,134)	(2,128,832)	381,742	2,664,911	(44,537,851)	28,373	(104,323,719)	(82,828)	(30,108,564)	264,128	(309,023)	3,187,163	(92,389)	363,065	1,042,648	(1,316,153)	-	(180,235,692)
Net Increase (Decrease) in Cash and Cash Equivalents	(15,350,516)	70,729	(575,108)	(422,632)	(66,808)	31,188	514,338	-	111,203	-	65,996	944,784	760,803	(601,176)	(1,002,134)	267,247	-	(825,821)	(1,012,608)	-	(17,090,515)
Cash and Cash Equivalents, beginning of year	27,899,199	-	1,703,595	1,465,830	141,827	142,699	126,947	-	293,949	-	430,187	3,167,607	991,682	1,978,888	1,002,134	1,140,117	-	5,074,082	1,287,443	-	46,846,186
Cash and Cash Equivalents, end of year	$ 12,548,683	$ 70,729	$ 1,128,487	$ 1,043,198	$ 75,019	$ 173,887	$ 641,285	$ -	$ 405,152	$ -	$ 496,183	$ 4,112,391	$ 1,752,485	$ 1,377,712	$ -	$ 1,407,364	$ -	$ 4,248,261	$ 274,835	$ -	$ 29,755,671
Reconciliation of operating income (loss) to net cash and cash equivalents provided by operating activities:																					
Operating income (loss)	$ 923,192	$ 1,474,349	$ 1,035,152	$ 1,103,360	$ 2,088,952	$ 146,145	$ (1,199,327)	$ (31,250)	$ 653,991	$ -	$ 1,124,625	$ 8,725,111	$ 1,326,240	$ 3,096,010	$ 350,147	$ 1,498,650	$ (100)	$ 7,519,197	$ 1,296,538	$ (1,208,737)	$ 29,922,245
Adjustment to reconcile operating income (loss) to net cash and cash equivalents provided by operating activities:																					
Depreciation and amortization	14,340,982	1,191,153	742,983	1,707,590	2,119,950	624,283	7,336,805	31,250	699,941	-	900,988	5,644,407	1,733,508	2,051,816	701,237	1,368,504	-	5,831,248	2,623,511	(134,761)	49,515,395
Provision for doubtful accounts	14,821	134,809	397,471	531,624	-	9,570	(16,824)	-	22,952	-	-	63,323	14,091	80,623	258,424	8,452	-	66,765	35,623	-	1,621,724
Changes in operating assets and liabilities:																					
Security deposits	-	-	-	-	-	-	-	-	-	-	-	272,258	-	-	-	-	-	-	95	-	272,353
Leases receivable	14,412,509	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,412,509
Rent and other receivables	(3,548,037)	(773,245)	(669,587)	(660,890)	(75,814)	(53,079)	276,721	-	48,631	-	-	80,822	27,972	(194,826)	(367,423)	(18,977)	2,181,330	(215,454)	(47,127)	130,451	(3,878,532)
Related party receivable	(1,019,671)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,476)	-	-	1,022,147	-
Inventory	-	-	-	-	-	-	(199,453)	-	-	-	-	-	-	-	-	-	-	-	-	-	(199,453)
Prepaid expenses and other assets	2,215	-	(5,077)	(5,487)	1,165,152	(456)	(47,936)	-	5,171	-	-	(42,894)	3,831	27,695	55,660	(4,171)	90,683	(1,347)	(8,026)	-	1,235,013
Accounts payable and accrued expenses	(1,118,896)	(2,000,501)	(163,922)	(49,266)	(198,918)	(288,132)	2,297,297	-	(19,272)	-	(9,627)	367,483	(56,307)	(426,564)	(138,326)	203,773	(2,181,154)	(1,392,185)	137,383	(1,162,705)	(6,199,839)
Related party payable	2,476	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,476)	-
Lease liability	(127,754)	-	-	-	-	-	(83,528)	-	-	-	-	-	-	-	-	-	-	-	-	-	(211,282)
Sales tax payable	-	-	-	-	-	-	1,114	-	-	-	-	-	-	-	-	-	-	-	-	-	1,114
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(71,224)	-	-	-	-	-	(71,224)
Advance deposits	-	-	-	-	-	-	343,530	-	-	-	-	-	-	-	-	-	-	-	-	-	343,530
Security deposits	-	-	-	-	-	-	-	-	900	-	-	(29,655)	-	-	-	-	-	(104,080)	(669)	-	(133,504)
Accrued ground rent	-	-	(181,417)	-	1,052,157	-	-	-	153,116	-	-	-	906,691	-	-	-	-	(254,357)	-	-	1,676,190
Deferred inflow of resources - rents and fees collected in advance	(14,423,256)	-	(321,476)	(303,206)	(219,699)	10,744	-	-	(101,209)	-	-	(71,627)	11,635	(249,152)	167,521	(11,773)	(90,683)	171,335	33,264	-	(15,397,582)
Net cash and cash equivalents provided by (used in) operating activities	$ 9,458,581	$ 26,565	$ 834,127	$ 2,323,725	$ 5,931,780	$ 449,075	$ 8,708,399	$ -	$ 1,464,221	$ -	$ 2,015,986	$ 15,009,228	$ 3,967,661	$ 4,385,602	$ 956,016	$ 3,044,458	$ (2,400)	$ 11,621,122	$ 4,070,592	$ (1,356,081)	$ 72,908,657
Schedule of non-cash capital and related financing activities:																					
Accrued interest expense on the lease liability	$ 4,560	$ -	$ -	$ -	$ -	$ -	$ 1,087,634	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,191,920	$ -	$ 2,284,114
Recognition of right-of-use asset and lease liability	-	-	-	-	-	-	176,130	-	-	-	-	-	-	-	-	-	-	-	-	-	176,130
Recognition of right-of-use asset	1,359,176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,359,176
Recognition of lease liability	1,265,751	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,265,751
Gain (loss) on sales and retirements of assets, net	-	-	-	(7,784)	-	-	(205,560)	-	(25,326)	-	-	-	(186,670)	(266,532)	10,389,038	(20,669)	-	(62,834)	-	-	9,613,663
Right-to-use bulding expenditures included in accounts payable and other accrued expenses	-	-	-	-	-	-	-	1,464,719	-	17,572,520	-	3,243,207	-	-	-	-	-	-	-	-	22,280,446
Amortization of lease allowance	28,361	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,361
Amortization of issue premium on bonds	-	61,735	36,556	243,629	45,215	-	-	-	30,438	236,856	10,344	321,985	80,387	219,566	74,980	107,139	-	1,128,420	101,697	-	2,698,947
Amortization of issue discount on bonds	-	14,824	-	9,034	5,963	-	129,471	4,591	-	-	-	97,545	194	-	-	-	-	-	-	-	261,622
Amortization of deferred inflow of resources - deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	-	44,579	-	14,181	-	6,626	-	-	-	-	65,386
Amortization of deferred outflow of resources - deferred advance refunding costs	-	-	4,648	-	-	-	356,223	-	18,805	-	-	-	10,435	-	-	-	-	163,002	15,455	-	568,568

Statement of Net Position
As of June 30, 2024

	MEDCO, exclusive of operating facilities	Operating Facilities																Eliminations	Total
Assets		Annapolis Garage	Bowie	Bowie ELLC	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village		
Current Assets:																			
Cash and cash equivalents	$ 27,899,199	$ -	$ 1,703,595	$ 1,465,830	$ 141,827	$ 142,699	$ 126,947	$ 293,949	$ 430,187	$ 3,167,607	$ 991,682	$ 1,978,888	$ 1,002,134	$ 1,140,117	$ -	$ 5,074,082	$ 1,287,443	$ -	$ 46,846,186
Short-term investments	6,307,601	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,307,601
Security deposits	-	-	-	-	-	-	-	-	-	442,235	-	-	-	-	-	-	38,176	-	480,411
Deposits with bond trustees — restricted	3,558,449	5,722,459	119,521	1,865,835	768,243	241,964	7,979,597	665,900	1,644,663	12,514,400	199,670	2,764,177	1,366,629	1,314,438	-	860,458	1,861,657	-	43,448,060
Funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	-	570,559	-	-	-	-	-	-	-	-	-	-	-	570,559
Loans receivable, net	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Leases receivable	14,415,246	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,415,246
Rent and other receivables, net	2,071,819	738,262	28,909	230,015	439,859	47,963	2,938,179	114,949	-	406,093	53,351	52,280	165,417	31,982	2,181,330	68,951	49,120	(889,699)	8,728,780
Related party receivable	73,400	-	-	-	-	-	-	-	-	-	-	-	-	-	8,157,543	-	-	(8,230,943)	-
Interest receivable, net	247,218	32,352	16,578	20,653	27,810	7,414	34,157	9,988	18,540	837,478	15,351	-	13,652	20,530	11,226	124,592	23,985	-	1,461,524
Inventory	-	-	-	-	-	-	456,622	-	-	-	-	-	-	-	-	-	-	-	456,622
Prepaid expenses and other assets	6,872	-	35,001	39,035	1,381,756	5,697	528,327	31,259	-	96,261	53,165	116,330	45,572	50,474	90,683	199,906	34,753	-	2,715,091
Total Current Assets	54,604,804	6,493,073	1,903,604	3,621,368	2,759,495	445,737	12,634,388	1,116,045	2,093,390	17,464,074	1,313,219	4,911,675	2,593,404	2,557,541	10,440,782	6,327,989	3,295,134	(9,120,642)	125,455,080
Non-current Assets:																			
Long-term investments	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000
Deposits with bond trustees — restricted	7,122,916	2,365,638	3,833,995	2,764,751	6,334,587	1,410,139	2,221,285	1,763,625	2,852,733	57,161,174	3,684,484	6,046,731	1,738,724	3,533,028	-	25,139,747	3,672,009	-	131,645,566
Loans receivable, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leases receivable	72,484,421	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,484,421
Related party receivable	11,272,489	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,272,489)	-
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-	-	763,636	-	-	-	334,251	-	-	1,097,887
Right-of-use assets, net of accumulated amortization	352,558	-	-	-	-	-	19,614,959	-	-	-	-	-	-	-	-	-	21,926,261	-	41,893,778
Right-to-use buildings, net of accumulated amortization	-	35,067,370	5,501,875	38,801,157	52,874,536	11,570,480	-	4,861,748	-	151,203,860	13,005,054	19,004,376	9,676,622	11,954,693	-	79,378,247	-	(3,019,405)	429,880,613
Capital assets:																			
Buildings and improvements	146,849,654	-	-	-	-	-	133,323,619	-	26,362,372	-	-	-	-	-	-	-	24,948,327	(728,521)	330,755,451
Furnishings and equipment	323,937	-	-	-	-	-	23,436,227	-	-	-	-	-	-	-	65,042,092	-	5,110,779	-	93,913,035
Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	130,446	-	130,446
	147,173,591	-	-	-	-	-	156,759,846	-	26,362,372	-	-	-	-	-	65,042,092	-	30,189,552	(728,521)	424,798,932
Less: accumulated depreciation and amortization	(59,212,994)	-	-	-	-	-	(101,933,237)	-	(8,567,854)	-	-	-	-	-	(65,042,092)	-	(17,462,138)	457,821	(251,760,494)
Net Capital Assets	87,960,597	-	-	-	-	-	54,826,609	-	17,794,518	-	-	-	-	-	-	-	12,727,414	(270,700)	173,038,438
Total Non-current Assets	179,267,981	37,433,008	9,335,870	41,565,908	59,209,123	12,980,619	76,662,853	6,625,373	20,647,251	208,365,034	16,689,538	25,814,743	11,415,346	15,487,721	-	104,852,245	38,325,684	(14,562,594)	850,115,703
Total Assets	$ 233,872,785	$ 43,926,081	$ 11,239,474	$ 45,187,276	$ 61,968,618	$ 13,426,356	$ 89,297,241	$ 7,741,418	$ 22,740,641	$ 225,829,108	$ 18,002,757	$ 30,726,418	$ 14,008,750	$ 18,045,262	$ 10,440,782	$ 111,180,234	$ 41,620,818	$ (23,683,236)	$ 975,570,783
Deferred Outflow of Resources:																			
Deferred advance refunding costs	-	-	24,542	-	-	-	1,693,133	110,680	-	-	60,549	-	164,692	-	-	1,049,339	89,593	-	3,192,528
Total Deferred Outflow of Resources	-	-	24,542	-	-	-	1,693,133	110,680	-	-	60,549	-	164,692	-	-	1,049,339	89,593	-	3,192,528
Liabilities and Net Position																			
Current Liabilities:																			
Accounts payable and accrued expenses	$ 14,854,313	$ 5,301,435	$ 913,636	$ 426,983	$ 396,809	$ 482,648	$ 4,282,435	$ 657,634	$ 186,025	$ 11,733,389	$ 397,612	$ 1,248,757	$ 248,835	$ 385,437	$ 2,181,154	$ 2,979,020	$ 480,472	$ (889,699)	$ 46,266,895
Sales tax payable	-	-	-	-	-	-	470,169	-	-	-	-	-	-	-	-	-	-	-	470,169
Related party payable	8,157,543	-	-	-	-	-	-	-	-	-	-	73,400	-	-	-	-	-	(8,230,943)	-
Advances	3,271,860	-	-	-	-	-	-	-	-	-	-	-	88,047	-	-	-	-	-	3,359,907
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,885,174	-	-	-	7,885,174
Accrued interest	1,306	-	42,438	955,300	245,667	143,974	60,935,980	110,900	661,284	5,680,391	56,104	804,175	1,288,694	280,715	-	403,375	11,882,257	-	83,492,560
Advance deposits	-	-	-	-	-	-	2,728,260	-	-	-	-	-	-	-	-	-	-	-	2,728,260
Security deposits	-	-	-	-	-	-	-	-	-	208,533	-	-	-	-	-	524,080	669	-	733,282
Accrued ground rent	-	-	354,074	-	200,918	-	-	123,053	-	2,371,839	1,560,722	-	-	-	-	13,751,864	-	-	18,362,470
Lease liability	130,631	-	-	-	-	-	30,168,685	-	-	-	-	-	-	-	-	-	12,927,626	-	43,226,942
Bonds and notes payable	14,219,390	-	925,000	530,000	820,000	397,800	74,750,000	740,000	555,000	1,225,000	1,480,000	1,960,000	1,365,000	1,020,000	-	5,485,000	1,575,878	-	107,048,068
Deferred management and service fees payable	-	-	-	-	-	-	27,326,908	-	-	-	-	-	-	-	-	-	-	(10,853,824)	16,473,084
Total Current Liabilities	40,635,043	5,301,435	2,235,148	1,912,283	1,663,394	1,024,422	200,662,437	1,631,587	1,402,309	21,219,152	3,494,438	4,086,332	2,990,576	1,686,152	10,066,328	23,143,339	26,866,902	(19,974,466)	330,046,811
Non-current Liabilities:																			
Related party payable	-	-	-	-	-	-	418,665	-	-	-	-	-	-	-	-	-	-	(418,665)	-
Lease liability	536,931	-	-	-	-	-	20,850,671	-	-	-	-	-	-	-	-	-	22,620,021	-	44,007,623
Bonds and notes payable	76,020,753	46,675,629	9,453,002	48,415,212	62,347,127	10,860,525	107,527,333	8,654,144	29,688,552	214,916,226	12,392,198	32,038,283	20,983,141	12,660,055	-	102,467,937	14,048,059		809,148,176
Total Non-current Liabilities	76,557,684	46,675,629	9,453,002	48,415,212	62,347,127	10,860,525	128,796,669	8,654,144	29,688,552	214,916,226	12,392,198	32,038,283	20,983,141	12,660,055	-	102,467,937	36,668,080	(418,665)	853,155,799
Total Liabilities	$ 117,192,727	$ 51,977,064	$ 11,688,150	$ 50,327,495	$ 64,010,521	$ 11,884,947	$ 329,459,106	$ 10,285,731	$ 31,090,861	$ 236,135,378	$ 15,886,636	$ 36,124,615	$ 23,973,717	$ 14,346,207	$ 10,066,328	$ 125,611,276	$ 63,534,982	$ (20,393,131)	$ 1,183,202,610
Deferred Inflow of Resources:																			
Deferred rents and fees	86,631,313	-	430,723	371,265	225,530	46,899	-	126,689	-	626,387	172,966	492,073	385,867	202,695	90,683	548,986	68,414	-	90,420,490
Deferred advance refunding gains	-	-	-	-	-	-	-	-	-	286,192	-	117,111	-	38,966	-	-	-	-	442,269
Total Deferred Inflow of Resources	86,631,313	-	430,723	371,265	225,530	46,899	-	126,689	-	912,579	172,966	609,184	385,867	241,661	90,683	548,986	68,414	-	90,862,759
Net Position:																			
Net investments in capital assets	(2,591,812)	(11,608,259)	(4,851,585)	(10,144,055)	(10,292,591)	312,155	(148,161,988)	(4,421,716)	(12,449,034)	(65,223,558)	(806,595)	(15,111,018)	(12,506,827)	(1,764,328)	-	(27,525,351)	(16,428,316)	(3,290,105)	(346,864,983)
Restricted under trust indentures	-	3,557,276	3,996,728	4,632,571	8,025,158	1,182,355	-	1,861,394	4,098,814	54,004,709	2,810,299	9,103,637	2,320,685	5,221,722	-	13,594,662	-	-	114,410,010
Restricted for capital and other purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	283,771	-	-	-	283,771
Unrestricted-Projects	-	-	-	-	-	-	(90,306,744)	-	-	-	-	-	-	-	-	-	(5,464,669)	-	(95,771,413)
Unrestricted-MEDCO	32,640,557	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,640,557
Total Net Position	$ 30,048,745	$ (8,050,983)	$ (854,857)	$ (5,511,484)	$ (2,267,433)	$ 1,494,510	$ (238,468,732)	$ (2,560,322)	$ (8,350,220)	$ (11,218,849)	$ 2,003,704	$ (6,007,381)	$ (10,186,142)	$ 3,457,394	$ 283,771	$ (13,930,689)	$ (21,892,985)	$ (3,290,105)	$ (295,302,058)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	MEDCO, exclusive of operating facilities	Operating Facilities																Eliminations	Total
		Annapolis Garage	Bowie	Bowie ELLC	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village		
Operating Revenues:																			
Operating facilities	$ -	$ 7,153,281	$ 4,720,373	$ 5,518,574	$ 8,970,235	$ 1,860,460	$ 48,941,715	$ 2,884,331	$ 2,442,296	$ 15,411,826	$ 7,333,683	$ 10,726,719	$ 4,681,333	$ 5,992,118	$ 16,385,854	$ 33,634,590	$ 6,147,895	$ -	$ 182,805,283
Lease	14,329,477	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,329,477
Consulting and management fees	5,026,013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,116,073)	1,909,940
Total Operating Revenues	19,355,490	7,153,281	4,720,373	5,518,574	8,970,235	1,860,460	48,941,715	2,884,331	2,442,296	15,411,826	7,333,683	10,726,719	4,681,333	5,992,118	16,385,854	33,634,590	6,147,895	(3,116,073)	199,044,700
Operating Expenses:																			
Operating facilities	-	8,390,101	1,825,762	3,517,759	3,373,598	686,678	39,675,031	1,602,879	486,596	6,169,150	4,179,593	5,574,554	2,604,398	3,263,108	16,385,954	23,461,194	2,103,005	(2,385,550)	120,913,810
Compensation and benefits	2,871,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,871,613
Administrative and general	1,199,964	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,199,964
Depreciation and amortization	14,253,289	1,210,122	763,674	1,690,163	2,098,416	736,953	7,197,695	614,490	901,470	3,347,220	1,619,867	2,104,746	1,014,489	1,248,192	-	5,559,921	2,620,538	(101,645)	46,879,600
Total Operating Expenses	18,324,866	9,600,223	2,589,436	5,207,922	5,472,014	1,423,631	46,872,726	2,217,369	1,388,066	9,516,370	5,799,460	7,679,300	3,618,887	4,511,300	16,385,954	29,021,115	4,723,543	(2,487,195)	171,864,987
Operating Income (Loss)	1,030,624	(2,446,942)	2,130,937	310,652	3,498,221	436,829	2,068,989	666,962	1,054,230	5,895,456	1,534,223	3,047,419	1,062,446	1,480,818	(100)	4,613,475	1,424,352	(628,878)	27,179,713
Non-operating Revenues and Expenses:																			
Interest income	2,193,576	434,768	188,987	214,197	354,116	76,207	511,775	108,295	195,941	4,754,447	312,486	424,206	132,520	215,223	138,256	1,627,485	257,946	(2,581)	12,137,850
Interest expense	(1,610,257)	(2,325,298)	(514,886)	(1,672,757)	(2,935,641)	(411,858)	(13,911,470)	(439,887)	(1,312,030)	(11,080,677)	(660,787)	(1,360,936)	(962,457)	(438,019)	-	(4,017,017)	(3,695,105)	2,581	(47,346,501)
Settlement income	59,707		132,855	-	-	-	-	-	-	-	-	-	1,036	-	-	152,522	-	-	346,120
Loss on sales and retirements of assets, net	-	-	-	-	-	-	(366,556)	-	-	(6,147)	(157,091)	(208,307)	(11,212)	(21,025)	-	(219,651)	(24,080)	-	(1,014,069)
Net Non-operating Revenues (Expenses)	643,026	(1,890,530)	(193,044)	(1,458,560)	(2,581,525)	(335,651)	(13,766,251)	(331,592)	(1,116,089)	(6,332,377)	(505,392)	(1,145,037)	(840,113)	(243,821)	138,256	(2,456,661)	(3,461,239)	-	(35,876,600)
Changes in Net Position	1,673,650	(4,337,472)	1,937,893	(1,147,908)	916,696	101,178	(11,697,262)	335,370	(61,859)	(436,921)	1,028,831	1,902,382	222,333	1,236,997	138,156	2,156,814	(2,036,887)	(628,878)	(8,696,887)
Net Position, beginning of year	28,375,095	(3,713,511)	(2,792,750)	(4,363,576)	(3,184,129)	1,393,332	(226,771,470)	(2,895,692)	(8,288,361)	(10,781,928)	974,873	(7,909,763)	(10,408,475)	2,220,397	145,615	(16,087,503)	(19,856,098)	(2,661,227)	(286,605,171)
Net Position, end of year	$ 30,048,745	$ (8,050,983)	$ (854,857)	$ (5,511,484)	$ (2,267,433)	$ 1,494,510	$ (238,468,732)	$ (2,560,322)	$ (8,350,220)	$ (11,218,849)	$ 2,003,704	$ (6,007,381)	$ (10,186,142)	$ 3,457,394	$ 283,771	$ (13,930,689)	$ (21,892,985)	$ (3,290,105)	$ (295,302,058)

Statement of Cash Flows
For the Year Ended June 30, 2024

	MEDCO, exclusive of operating facilities	Operating Facilities																	
		Annapolis Garage	Bowie	Bowie ELLC	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
Cash Flows from Operating Activities:																			
Cash received from leases	$ 14,294,047	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,294,047
Cash received from consulting and management fees	4,041,869	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,196,878)	1,844,991
Cash received from guests	-	-	-	-	-	-	49,100,150	-	-	-	-	-	-	-	-	-	-	-	49,100,150
Cash received from customer charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,100,591	-	-	-	16,100,591
Cash received from parkers	-	5,778,239	-	-	8,688,766	-	-	-	-	-	-	-	-	-	-	-	-	-	14,467,005
Cash received from tenants	-	-	4,120,844	4,056,095	-	1,844,604	-	2,661,456	-	14,880,805	7,233,530	10,553,144	4,668,001	5,963,579	-	33,605,725	6,082,259	-	95,670,042
Cash received from tax increment financing	-	-	-	-	-	-	-	-	2,442,296	-	-	-	-	-	-	-	-	-	2,442,296
Cash paid for operating expenses	(4,042,802)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	939,199	(3,103,603)
Cash paid for expenses of operating facilities	-	(3,490,760)	(1,895,417)	(1,974,711)	(3,379,683)	(934,005)	(37,334,864)	(1,134,057)	(474,626)	(4,492,127)	(3,871,223)	(6,671,819)	(2,616,628)	(3,646,403)	(16,100,591)	(16,791,381)	(2,975,027)	418,366	(107,364,956)
Net Cash and Cash Equivalents Provided by (Used in) Operating Activities	14,293,114	2,287,479	2,225,427	2,081,384	5,309,083	910,599	11,765,286	1,527,399	1,967,670	10,388,678	3,362,307	3,881,325	2,051,373	2,317,176	-	16,814,344	3,107,232	(839,313)	83,450,563
Cash Flows from Non-capital Financing Activities:																			
Advances	360,422	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,422
Principal payments on bonds and notes payable	(13,936,509)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,936,509)
Net Cash and Cash Equivalents Provided by (Used in) Non-capital Financing Activities	(13,576,087)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,576,087)
Cash Flows from Capital and Related Financing Activities:																			
Right-to-use buildings expenditures	-	(5,612,714)	(131,338)	-	(328,922)	(152,562)	-	(141,828)	-	(52,783,095)	(1,139,734)	(760,281)	(486,503)	(946,788)	-	(3,554,403)	-	839,313	(65,198,855)
Construction, development, and equipment expenditures	(10,140)	-	-	-	-	-	(3,972,809)	-	-	-	-	-	-	-	-	-	(594,105)	-	(4,577,054)
Proceeds from sale of capital assets	-	-	-	-	-	-	550	-	-	-	-	-	-	-	-	-	-	-	550
Net funding of funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	-	1,548,991	-	-	-	-	-	-	-	-	-	-	-	1,548,991
Interest payments on bonds and notes payable	(1,528,783)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,528,783)
Interest paid	(8,687)	(1,195,961)	(553,249)	(1,919,799)	(2,977,240)	(421,547)	(8,707,725)	(461,225)	(1,331,944)	(12,350,073)	(743,501)	(1,650,600)	(1,039,199)	(581,030)	-	(5,048,501)	(697,450)	7,176	(39,680,555)
Principal payments on bonds and notes payable	-	-	(880,000)	(460,000)	(790,000)	(512,600)	-	(705,000)	(500,000)	(1,348,430)	(1,405,000)	(1,875,000)	(820,000)	(980,000)	-	(5,200,000)	(910,000)	178,430	(16,207,600)
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	(1,547,610)	(6,808,675)	(1,564,587)	(2,379,799)	(4,096,162)	(1,086,709)	(11,130,993)	(1,308,053)	(1,831,944)	(66,481,598)	(3,288,235)	(4,285,881)	(2,345,702)	(2,507,818)	-	(13,802,904)	(2,201,555)	1,024,919	(125,643,306)
Cash Flows from Investing Activities:																			
Principal payments on loans receivable	203,430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(178,430)	25,000
Related party payable deposits	(132,511)	-	-	-	-	-	-	-	-	-	-	-	-	-	132,511	-	-	-	-
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(268,462)	-	-	-	(268,462)
Proceeds from settlement	59,707	-	132,855	-	-	-	-	-	-	-	-	-	1,036	-	-	152,522	-	-	346,120
Net sales (purchases) of deposits with bond trustees - restricted	(668,296)	4,060,234	(557,959)	635,388	(1,494,440)	(237,216)	(1,247,814)	(310,130)	(302,583)	49,358,027	(78,893)	(524,098)	404,695	250,764	-	(1,628,971)	(924,503)	-	46,734,205
Net sales (purchases) of investments	2,979,447	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,979,447
Interest received	2,052,335	460,962	186,984	215,104	348,060	74,724	501,731	106,128	194,338	6,897,373	310,466	424,206	133,292	214,587	135,951	1,602,555	251,844	(7,176)	14,103,464
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	4,494,112	4,521,196	(238,120)	850,492	(1,146,380)	(162,492)	(746,083)	(204,002)	(108,245)	56,255,400	231,573	(99,892)	539,023	465,351	-	126,106	(672,659)	(185,606)	63,919,774
Net Increase (Decrease) in Cash and Cash Equivalents	3,663,529	-	422,720	552,077	66,541	(338,602)	(111,790)	15,344	27,481	162,480	305,645	(504,448)	244,694	274,709	-	3,137,546	233,018	-	8,150,944
Cash and Cash Equivalents, beginning of year	24,235,670	-	1,280,875	913,753	75,286	481,301	238,737	278,605	402,706	3,005,127	686,037	2,483,336	757,440	865,408	-	1,936,536	1,054,425	-	38,695,242
Cash and Cash Equivalents, end of year	$ 27,899,199	$ -	$ 1,703,595	$ 1,465,830	$ 141,827	$ 142,699	$ 126,947	$ 293,949	$ 430,187	$ 3,167,607	$ 991,682	$ 1,978,888	$ 1,002,134	$ 1,140,117	$ -	$ 5,074,082	$ 1,287,443	$ -	$ 46,846,186
Reconciliation of operating income (loss) to net cash and cash equivalents provided by operating activities:																			
Operating income (loss)	$ 1,030,624	$ (2,446,942)	$ 2,130,937	$ 310,652	$ 3,498,221	$ 436,829	$ 2,068,989	$ 666,962	$ 1,054,230	$ 5,895,456	$ 1,534,223	$ 3,047,419	$ 1,062,446	$ 1,480,818	$ (100)	$ 4,613,475	$ 1,424,352	$ (628,878)	$ 27,179,713
Adjustment to reconcile operating income (loss) to net cash and cash equivalents provided by operating activities:																			
Depreciation and amortization	14,253,289	1,210,122	763,674	1,690,163	2,098,416	736,953	7,197,695	614,490	901,470	3,347,220	1,619,867	2,104,746	1,014,489	1,248,192	-	5,559,921	2,620,538	(101,645)	46,879,600
Provision for doubtful accounts	14,821	796,538	782,367	1,617,197	-	(685)	(1,866)	167,702	-	425,339	73,677	56,599	86,878	9,313	-	77,478	23,747	-	4,129,105
Changes in operating assets and liabilities:																			
Security deposits	-	-	-	-	-	-	-	-	-	(89,820)	-	-	-	-	-	-	(38)	-	(89,858)
Leases receivable	14,116,826	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,116,826
Rent and other receivables	(399,304)	(1,375,042)	(743,846)	(1,652,670)	(113,356)	(28,274)	626,890	(218,147)	-	(416,657)	(93,907)	(65,168)	(144,126)	(15,414)	(236,448)	(81,941)	(9,309)	(49,899)	(5,016,618)
Related party receivable	(969,096)	-	-	-	-	-	-	-	-	-	-	-	-	-	939,199	-	-	29,897	-
Inventory	-	-	-	-	-	-	43,245	-	-	-	-	-	-	-	-	-	-	-	43,245
Prepaid expenses and other assets	121,393	-	(16,837)	(38,056)	(386,107)	(2,410)	58,400	(11,033)	-	141,378	1,372	47,454	(21,097)	(13,605)	(10,325)	(73,836)	143,667	-	(59,642)
Accounts payable and accrued expenses	1,341,686	4,102,803	223,788	(24,309)	(6,085)	(244,231)	2,272,628	189,100	11,970	1,110,306	(100,628)	(1,201,318)	(85,551)	(379,003)	(702,651)	1,300,154	(1,039,436)	(1,027,987)	5,741,236
Related party payable	(939,199)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	939,199	-
Lease liability	(125,670)	-	-	-	-	-	(58,615)	-	-	-	-	-	-	-	-	-	-	-	(184,285)
Sales tax payable	-	-	-	-	-	-	26,375	-	-	-	-	-	-	-	-	-	-	-	26,375
Advances	-	-	-	-	-	-	-	-	-	-	-	-	7,540	-	-	-	-	-	7,540
Advance deposits	-	-	-	-	-	-	(468,455)	-	-	-	-	-	-	-	-	-	-	-	(468,455)
Security deposits	-	-	-	-	-	-	-	-	-	29,700	-	-	-	-	-	107,680	-	-	137,380
Accrued ground rent	-	-	(1,058,973)	-	-	-	-	123,053	-	-	333,948	-	-	-	-	5,366,017	-	-	4,764,045
Deferred inflow of resources - rents and fees collected in advance	(14,152,256)	-	144,317	178,407	217,994	12,417	-	(4,728)	-	(54,244)	(6,245)	(108,407)	130,794	(13,125)	10,325	(54,604)	(56,289)	-	(13,755,644)
Net cash and cash equivalents provided by (used in) operating activities	$ 14,293,114	$ 2,287,479	$ 2,225,427	$ 2,081,384	$ 5,309,083	$ 910,599	$ 11,765,286	$ 1,527,399	$ 1,967,670	$ 10,388,678	$ 3,362,307	$ 3,881,325	$ 2,051,373	$ 2,317,176	$ -	$ 16,814,344	$ 3,107,232	$ (839,313)	$ 83,450,563
Schedule of non-cash capital and related financing activities:																			
Accrued interest expense on the lease liability	$ 1,306	$ -	$ -	$ -	$ -	$ -	$ 1,136,678	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,218,382	$ -	$ 2,356,366
Recognition of right-of-use asset and lease liability	-	-	-	-	-	-	45,605	-	-	-	-	-	-	-	-	-	-	-	45,605
Loss on sales and retirements of assets, net	-	-	-	-	-	-	366,556	-	-	6,147	157,091	208,307	11,212	21,025	-	219,651	24,080	-	1,014,069
Prepaid deposit capitalized to furnishings and equipment during the current year	18,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,100
Construction, development, and equipment expenditures for capital assets included in accounts payable and accrued expenses	4,339	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95,295	-	99,634
Right-to-use bulding expenditures included in accounts payable and other accrued expenses	-	-	-	-	-	-	-	-	-	7,156,792	-	-	-	-	-	-	-	-	7,156,792
Amortization of lease allowance	28,361	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,361
Amortization of issue premium on bonds	-	61,734	39,752	247,003	45,214	-	-	32,775	10,539	333,731	88,321	232,678	117,289	116,223	-	1,188,199	109,344	-	2,622,802
Amortization of issue discount on bonds	-	14,823	-	9,161	6,051	-	142,140	-	-	97,545	220	-	-	-	-	-	-	-	269,940
Amortization of deferred inflow of resources - deferred advance refunding gains	-	-	-	-	-	-	-	-	-	47,533	-	14,736	-	7,188	-	-	-	-	69,457
Amortization of deferred outflow of resources - deferred advance refunding costs	-	-	5,055	-	-	-	391,586	20,250	-	-	11,241	-	18,697	-	-	174,048	16,617	-	637,494

9. DEBT OBLIGATIONS

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

	2025	2024
Revenue bonds payable	$ 1,108,247,499	$ 902,530,506
Notes payable, including $2,738 in 2025 and 2024 to State of Maryland Department of Business and Economic Development (DBED)	13,039,862	13,665,738
Total	$ 1,121,287,361	$ 916,196,244

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 July 2064 and, as of June 30, 2025 and 2024, bears interest at a weighted average effective rate of 4.41% and 4.51%, 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, 2025 and 2024, bears interest at a weighted average effective rate of 9.75% and 10.29%, respectively, including an average effective rate of 9.82% and 10.48%, 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 $49,777,160 and $44,462,346 during the years ended June 30, 2025 and 2024, respectively.

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

	2025	2024
MEDCO debt obligations	$ 76,023,491	$ 90,240,143
Operating facilities debt obligations	1,045,263,870	825,956,101
Total	$ 1,121,287,361	$ 916,196,244

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.

9. DEBT OBLIGATIONS – continued

Bond Issuances

During the year ended June 30, 2025, MEDCO issued bonds on behalf of: (i) the University System of Maryland and its constituent University of Maryland, College Park, $148,675,000, in order to finance the costs of a 6-story residential apartment building (Leonardtown), (ii) the town of Elkton, $54,260,000, to finance the costs of acquiring, constructing and installing multi-purpose outdoor athletic fields, a building, a maintenance facility and other public infrastructure in Cecil County, Maryland (Elkton) and (iii) the University System of Maryland and its constituent Morgan State University, $52,945,000, to finance the costs of acquiring, renovating, refurbishing, furnishing and equipping an existing student housing facility (Harper-Tubman). Bond issuance costs totaled $4,998,564 as reflected in the accompanying statements of revenues, expenses and changes in net position.

There were no bond issuances during the year ended June 30, 2024.

Bond Defeasances and Redemptions

UMAB

On February 28, 2025, the State of Maryland, on behalf of the University System of Maryland, exercised its option to purchase MEDCO's leasehold interest in UMAB (Note 6). In accordance with the terms of the sale agreement, MEDCO remitted $20,444,000 for the purchase of State and Local Government Securities (SLGS) to defease the outstanding portion of its Series 2015 UMAB revenue bonds, which had an aggregate principal amount of $19,950,000. These funds were deposited into an irrevocable trust with an escrow agent. Concurrently, the University of Maryland, Baltimore, transferred $21,120,000 to MEDCO, which was offset by $1,401,862 in payments owed, resulting in net cash received of $18,718,508. The funds held in trust, together with interest earned, are sufficient to satisfy all future debt service requirements on the defeased and redeemed bonds, including principal, interest, and any applicable redemption premiums. Accordingly, the defeased and redeemed bonds are considered legally satisfied and have been removed from the accompanying statements of net position. The liability for these bonds and the related assets held in trust have been removed from the accompanying financial statements in accordance with the provisions of GASB Statement 7, *Advance Refundings Resulting in Defeasance of Debt*.

UMCP Energy

On December 13, 2024, MEDCO, with the consent of the University of Maryland, College Park, transferred certain turbines and spare parts to College Park Energy, LLC as part of a settlement agreement. The assets were conveyed in "as-is, where-is" condition, without representation or warranty. No proceeds were received and no gain or loss was recognized in connection with this asset transfer during the fiscal year ended June 30, 2025 in the accompanying statements of revenues, expenses and changes in net position.

In addition, both the Extended Management, Operation, and Maintenance Agreement and the Amended and Extended Interim Energy Systems Services Agreement were terminated effective December 31, 2024, and were not renewed.

9. DEBT OBLIGATIONS – continued

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

	Total	Principal	Interest
2026	$ 159,927,317	$ 112,681,649	$ 47,146,156
2027	86,547,090	39,468,268	46,971,322
2028	87,791,773	42,306,993	45,371,780
2029	86,145,003	42,312,994	43,713,509
2030	95,297,577	53,669,078	41,503,749
2031-2035	359,248,385	179,428,003	179,268,382
2036-2040	249,082,971	95,860,529	152,820,442
2041-2045	245,350,743	110,643,600	134,707,143
2046-2050	225,751,715	112,025,025	113,726,690
2051-2055	228,669,702	138,180,000	90,489,702
2056-2060	144,533,600	113,245,000	31,288,600
2061-2065	65,529,625	58,055,000	7,474,625
	2,033,875,501	1,097,876,139	934,482,100
Less: unamortized discount	(5,793,151)	(5,793,151)	-
Plus: unamortized premium	29,204,373	29,204,373	-
Total	$ 2,057,286,723	$ 1,121,287,361	$ 934,482,100

9. DEBT OBLIGATIONS – continued

Activity in debt for the years ended June 30, 2025 and 2024 is summarized as follows:

	Bonds payable	Notes payable
Balance June 30, 2023	$ 935,027,477	$ 13,665,738
Amortization of issue discount	269,940	-
Amortization of issue premium	(2,622,802)	-
Additions	-	-
Principal payments/reductions	(30,144,109)	-
Balance June 30, 2024	902,530,506	13,665,738
Amortization of issue discount	261,622	-
Amortization of issue premium	(2,698,947)	-
Additions	260,731,931	-
Defeasance of bonds	(19,950,000)	-
Defeasance of bond premium/discount	(958,161)	
Principal payments/reductions	(31,669,452)	(625,876)
Balance June 30, 2025	$ 1,108,247,499	$ 13,039,862

10. 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, 2025 and 2024 is summarized as follows:

Balance June 30, 2023	$	2,052,847,995
Additions		439,805,096
Principal payments/reductions		(87,989,963)
Balance June 30, 2024		2,404,663,128
Additions		803,080,000
Principal payments/reductions		(145,752,490)
Balance June 30, 2025	$	3,061,990,638

During the year ended June 30, 2025, MEDCO issued bonds on behalf of the Prince George's County Public Schools, $660,825,000, in order to finance the costs of design and construction of the schools, Reservoir Square, $22,890,000, in order to finance the costs of acquisition of a parcel of land to construct a rentable building in Baltimore, Maryland, MBEF College & Career Academics, Inc., $16,500,000, in order to refinance the costs of acquisition, construction, renovation, and equipping of certain facilities located on a property in Germantown, Maryland and Core Natural Resources, Inc., $102,865,000, in order to refund Series 2010 Revenue Bonds outstanding at the Port Facilities.

During the year ended June 30, 2024, MEDCO issued bonds on behalf of the University of Maryland, College Park Energy and Utility Infrastructure NextGen Program, $350,520,000, in order to finance costs to advance long term efficient, reliable, and sustainable energy production, delivery and usage on the University's campus, Woodington Gardens, $37,077,000, in order to finance the costs of the acquisition, rehabilitation, installation, renovation, and equipping of a 197 unit multifamily building in Baltimore City, Maryland and PRG Towson Place Properties L.L.C., $40,487,000, in order to refinance various routine and non-routine capital upgrades, improvements, or renovations around PRG Towson Place Properties.

11. COMMITMENTS AND CONTINGENCIES

Leases

MEDCO follows GASB 87, which requires both capital and operating leases to be presented on the statement of net position as an amortizable right-of-use asset and a liability to make lease payments. The right-of-use-asset represents MEDCO's right to use an underlying asset for the lease term and lease liabilities represent MEDCO's obligation to make lease payments per the terms of the lease agreements. The lease liability is measured at the present value of payments expected to be made during the lease term, including variable payments that depend on an index or a rate (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and is amortized over the lease term. The lease liability is measured by using the MEDCO's estimated incremental borrowing rate, as determined by management, in determining the present value of the lease payments. The amortization of the discount on the lease liability is reported as interest expense each period. MEDCO also considered any lease terms that included options to extend or terminate the lease, residual value guarantees, restrictive covenants and lease incentives when valuing the right-of-use assets. Service concession arrangements are specifically excluded from GASB 87. All projects are exempt from real estate taxes under Section 10-129 of the Economic Development Article of the Annotated Code of Maryland.

Annapolis Garage

In September 2022, MEDCO entered into a concession agreement with the City of Annapolis to operate a parking garage and additional parking assets, terminating at the earlier of 30 years and 6 months from the substantial completion date or the date on which the Series 2022 bonds are fully repaid. From on and after the commencement of the agreement, on each revenue share release date, as defined in the Common Terms and Collateral Agency Agreement (CTCAA), MEDCO shall pay to the City of Annapolis the amount of a distributable portion of the Revenue fund, as defined in the CTCAA (City Revenue Payment). If on any revenue share release date funds are not eligible, under terms of the CTCAA, to distribute the City Revenue Payment, the amounts shall remain in the account until eligible on any future revenue share release date. Variable costs are recognized in the period in which they are incurred and relate to taxes, utilities and operating expenses

The City Revenue Payment Expense for the years ended June 30, 2025 and 2024 was $3,681,668 and $6,139,862, respectively. Amounts owed under the concession agreement totaled $1,893,893 and $3,972,867 as of June 30, 2025 and 2024, respectively, as reflected in accounts payable and accrued expenses in the accompanying statements of net position. During the years ended June 30, 2025 and 2024, $0 and ($57,074) of amounts due to the City of Annapolis were capitalized within right-to-use buildings and are being amortized accordingly.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

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 May 13, 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. If on any release date funds are not eligible, under the terms of the trust indenture, to distribute the ground rent, the amounts shall remain in the account until eligible on any future release date. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities and operating expenses. Upon the expiration of the lease, the project shall surrender and deliver up possession of the student housing facilities and any fixtures, structures and other improvements thereon, subject to and without any liability on the part of the project for the then existing condition and state of repair of such property except the project’s obligations, as defined in the lease agreement.

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 ($181,417) and ($1,058,973) for the years ended June 30, 2025 and 2024, respectively. Ground rent payments from the surplus fund totaled $0 during the years ended June 30, 2025 and 2024. Accrued ground rent was $172,657 and $354,074 as of June 30, 2025 and 2024, respectively.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the University System of Maryland, on behalf of BSU, 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.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Bowie ELLC

The land underlying the project is leased from the State of Maryland on behalf of BSU under a non-cancelable operating lease expiring on the earlier to occur of February 25, 2065 or the date on which the bonds have been fully repaid. Annual rent is equal to 100% of "net available cash flow" released during each lease year, as defined in the trust indenture. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. If on any release date funds are not eligible under the terms of the trust indenture, to distribute the ground rent, 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 project, which bear interest at ten percent. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities and operating expenses. Upon the expiration of the lease, the project shall surrender and deliver up possession and without any liability on the part of the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement. Ground rent expense was $0 and $262,080 for the years ended June 30, 2025 and 2024, respectively.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the University System of Maryland, on behalf of BSU, 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 shall remain in the account until eligible on any future release date. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities and operating expenses. Upon the expiration of the lease, the project shall surrender and deliver up possession and without any liability on the part of the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement. The Additional Rent totaled $1,052,157 and $0 for the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, the accrued rent due to the City of Baltimore totaled $1,253,075 and $200,918, respectively.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

CTU

The land underlying CTU is subleased from 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 totaled $0 for the years ended June 30, 2025 and 2024.

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. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities and operating expenses. 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 in the lease. 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.

CCBC also has various non-cancellable operating lease agreements for equipment with expiration dates through September 2029.

Lease payments due totaled $2,158,619 and $2,093,475 for the years ended June 30, 2025 and 2024, respectively. Cumulative accrued lease payments included in the current portion of lease liability in the accompanying statements of net position as of June 30, 2025 and 2024 totaled $31,249,666 and $30,168,685 respectively, as payment of the ground rent is subordinate to all payments required under the bonds payable and related trust indenture. Future minimum rent payments for fiscal year 2026 include the accrued but unpaid rents for prior years of approximately $30,120,808.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

CBCC – continued

Interest expense on past due accrued lease payments totaled $2,374,610 and $2,238,288, for the years ended June 30, 2025 and 2024, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Interest expense on the lease liability totaled $1,099,954 and $1,144,081 for the years ended June 30, 2025 and 2024, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Accrued interest on past due accrued lease payments totaled $24,925,179 and $22,550,569 as of June 30, 2025 and 2024, respectively, and is recorded in accrued interest on the accompanying statements of net position.

Cash paid for amounts included in the measurement of the lease liability totaled $83,528 and $58,615 for the years ended June 30, 2025 and 2024, respectively. No cash payments were made for ground rent during the years ended June 30, 2025 and 2024. Any cash payments received for ground rent are first applied to accrued interest and then to the amount of the accrued lease payments. The weighted average remaining lease term of the leases is 11.3 years and 12.3 years as of June 30, 2025 and 2024, respectively. The weighted average discount rate of the leases is 5.24% as of June 30, 2025 and 2024, respectively.

Elkton

The land underlying Elkton is leased from Sideline Southfield Sports Complex, LLC under a non-cancellable operating lease expiring on February 28, 2057, in conjunction with the term of the related bonds payable. In the event the project’s bonds payable are retired or otherwise terminated prior to the scheduled maturity date, or the term of the bonds payable are extended or refinanced through a new series of bonds, the terms of the operating lease will automatically be equivalently reduced or extended. On the effective date of the operating lease, March 1, 2025, the Project remitted an initial rent payment of $3,000,000. The initial payment amount is recognized as a right-to-use asset on the accompanying statements of net position and will be amortized over the life of the lease. From and after the effective date, annual rent under this lease is $1. The weighted average remaining lease term of the lease is 31 years as of June 30, 2025.

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.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Frostburg – continued

Payments of ground rent are limited to the amount of cash available in the surplus fund as of June 30 each year. If on any release date funds are not eligible, under the terms of the trust indenture, to distribute the ground rent, the amounts shall remain in the account until eligible on any future release date.

Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities and operating expenses. Upon the expiration of the lease, the project shall surrender and deliver up possession of the student housing facilities and any fixtures, structures and other improvements thereon, subject to and without any liability on the part of the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement.

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 $153,116 and $123,053 for the years ended June 30, 2025 and 2024, respectively. Ground rent payments from the surplus fund totaled $0 during the years ended June 30, 2025 and 2024. Accrued ground rent totaled $276,169 and $123,053 as of June 30, 2025 and 2024, 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.

Leonardtown

The land underlying Leonardtown is leased from the State of Maryland under a non-cancellable operating lease expiring on the earlier to occur of (ii) June 30, 2069 or (ii) the date on which the bonds have been fully repaid. Annual rent is defined as "net available cash flow" released during the year pursuant to the project's trust indenture. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Ground rent expense totaled $0 for the year ended June 30, 2025. Accrued ground rent totaled $0 as of June 30, 2025. If on any release date funds are not eligible under the terms of the trust indenture, to distribute the ground rent, the amounts shall remain in the account until eligible on any future release date. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities, and operating expenses.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Leonardtown – continued

Upon expiration of the lease, the project shall surrender and deliver up possession of the student housing facilities and any fixtures, structures and other improvements thereon, subject to and without any liability on the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement.

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.

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.

Morgan

The land underlying the project is leased from the State of Maryland under a non-cancellable operating lease, as most recently amended, effective June 1, 2025, expiring on the earlier to occur of (ii) July 1, 2068 or (ii) the date on which the bonds have been fully repaid. Rent payable under the lease is equal to "net available cash," 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. Pursuant to the terms of the second amendment to the amended and restated air rights and ground lease and agreement, dated June 1, 2025, annual rent shall not be due and payable with respect to the project prior to the lease year ending June 30, 2025. The ground lease was modified such that annual rent shall be paid beginning for the lease year ending June 30, 2025. Ground rent expense totaled $0 during the years ended June 30, 2025 and 2024. Ground rent payments from the surplus fund totaled $0 during the years ended June 30, 2025 and 2024. Accrued ground rent totaled $2,371,839 as of June 30, 2025 and 2024.

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.

11. 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. If on any release date funds are not eligible, under the terms of the trust indenture, to distribute the Ground Rent, the amounts shall remain in the account until eligible on any future release date. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities and operating expenses. Upon the expiration of the lease, the project shall surrender and deliver up possession of the student housing facilities and any fixtures, structures and other improvements thereon, subject to and without any liability on the part of the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement.

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 $1,356,193 and $867,846 during the years ended June 30, 2025 and 2024, respectively. Ground rent payments from the surplus fund totaled $449,502 and $533,898 during the years ended June 30, 2025 and 2024, respectively. Accrued ground rent totaled $2,467,413 and $1,560,722 as of June 30, 2025 and 2024, 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.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

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. If on any release date funds are not eligible, under the terms of the trust indenture, to distribute the ground rent, the amounts shall remain in the account until eligible on any future release date. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities and operating expenses. Upon the expiration of the lease, the project shall surrender and deliver up possession of the student housing facilities and any fixtures, structures, and other improvements thereon, subject to and without any liability on the part of the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement. 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 amortization expense was $54,545 for each of the years ended June 30, 2025 and 2024. 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, 2025 and 2024.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

UMAB

The land underlying UMAB was 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. In June 2025, in connection with the sale of the project and defeasance of the bonds, this lease was terminated. Upon the termination of the lease, the project surrendered and delivered up possession of the student housing facilities and any fixtures, structures, and other improvements thereon, subject to and without any liability on the part of the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement. Title to the project improvements reverted to the University System of Maryland upon termination of the lease.

Rent payable under the lease was equal to "net revenues," as defined. Payment of the rent wads 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 included 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 were limited to the amount of cash available in the surplus fund as of June 30 each year. If on any release date funds are not eligible, under the terms of the trust indenture, to distribute ground rent, the amounts shall remain in the account until eligible on any future release date. Variable lease costs were recognized in the period in which they were incurred and relate to ground rent, taxes, utilities and operating expenses. No ground rent was due for the years ended June 30, 2025 and 2024.

The lease provided 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.

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 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.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

UMCP Energy

MEDCO leased the facility that housed the energy and utility infrastructure at the University of Maryland, College Park and the related land from the University System of Maryland under an operating lease set to expire in 2029. The lease provided for annual rent of $100. In December 2024, in connection with the disposal of the project, this lease was terminated.

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 $4,975,561 and $8,252,351 for the years ended June 30, 2025 and 2024, respectively. Accrued ground rent totaled $13,497,507 and $13,751,864 as of June 30, 2025 and 2024, respectively. Payments toward ground rent are limited to the amount of cash available in the surplus fund as of June 30 of each year. If on any release date funds are not eligible under the terms of the trust indenture, to distribute the ground rent, the amounts shall remain in the account until eligible on any future release date. Variable lease costs are recognized in the period in which they are incurred and relate to ground rent, taxes, utilities, and operating expenses. Upon expiration of the lease, the project shall surrender and deliver up possession of the student housing facilities and any fixtures, structures and other improvements thereon, subject to and without any liability on the project for the then existing condition and state of repair of such property excepting the project's obligations, as defined in the lease agreement.

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 of Maryland, College Park 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, 2025 and 2024.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

UMCP Housing – continued

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. Title to the operating facility improvements will revert to SPHSI upon termination of the lease.

Lease payments due totaled $1,747,611 and $1,696,710 for the years ended June 30, 2025 and 2024, respectively. Cumulative accrued principal payments included in the current portion of lease liability in the accompanying statements of net position as of June 30, 2025 and 2024 totaled $10,517,324 and $11,180,015, respectively, as the payment of the rent is subordinate to all payments required under the bonds payable and related trust indenture. Future minimum rent payments for fiscal year 2026 include the accrued but unpaid rents for prior years of approximately $10,517,000.

Interest expense on past due accrued lease payments totaled $1,838,861 and $1,771,293, for the years ended June 30, 2025 and 2024, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Interest expense on the lease liability totaled $1,191,920 and $1,218,382 for the years ended June 30, 2025 and 2024, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Accrued interest on past due accrued lease payments totaled $7,809,814 and $5,970,953 as of June 30, 2025 and 2024, respectively, and is recorded in accrued interest on the accompanying statements of net position.

11. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

University Village – continued

No cash payments were made for ground rent during the years ended June 30, 2025 and 2024. Cash payments are first applied to accrued interest and then to the amount of the accrued lease payments. The weighted average remaining lease term of the lease is 16 years and 17 years as of June 30, 2025 and 2024, respectively. The weighted average discount rate of the lease is 5.00% as of June 30, 2025 and 2024, respectively.

Other Leasing Activities

Under GASB 87, effective August 15, 2020, MEDCO entered into a lease agreement for office space that was originally set to expire in April 2029. The office lease was most recently amended effective June 30, 2025, to expand the leased premises, extend the lease expiration date to August 30, 2033, and revise the monthly base rent to reflect the increased occupied square footage.

Interest expense on the lease liability totaled $61,508 and $9,054 for the years ended June 30, 2025 and 2024, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses, and changes in net position. Cash paid for amounts included in the measurement of the lease liability totaled $127,754 and $125,670 for the years ended June 30, 2025 and 2024, respectively. The weighted-average remaining lease term is 9.12 years and 4.8 years as of June 30, 2025 and 2024, respectively, and the weighted-average discount rate of the lease is 4.40% and 1.24% as of June 30, 2025 and 2024.

11. COMMITMENTS AND CONTINGENCIES – continued

Future Minimum Lease Payments

Future minimum rent under these leases, excluding MEDCO, CBCC and University Village, are due as follows for the years ending June 30,:

2026	$ 20,038,673
2027	13
2028	13
2029	13
2030	13
2031-2035	65
2036-2040	65
2041-2045	62
2046-2050	58
2051-2055	44
Total	$ 20,039,019

The following table presents future minimum lease principal and interest due for MEDCO, CBCC and University Village for the years ending June 30,:

	Total	Principal	Interest
2026	$ 51,075,791	$ 43,713,878	$ 7,361,913
2027	4,370,739	2,100,748	2,269,991
2028	4,481,462	2,317,621	2,163,841
2029	4,547,929	2,500,902	2,047,027
2030	4,664,489	2,744,020	1,920,469
2031-2035	25,279,221	18,082,551	7,196,670
2036-2040	14,529,031	11,924,282	2,604,749
2041-2042	5,781,329	5,081,162	700,167
	$ 114,729,991	$ 88,465,164	$ 26,264,827

11. COMMITMENTS AND CONTINGENCIES – continued

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.

As of June 30, 2025 and 2024, no deposits in lieu of ground rent have been made by MEDCO on behalf of the UMAB project to the operating reserve fund as the project, since inception, has not incurred ground rent expense. As of June 30, 2025 and 2024 deposits have been made by MEDCO on behalf of Bowie ELLC, $20,000, Salisbury $20,000, and UMCP Housing $40,000.

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 10%.

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.

12. GOING CONCERN – CBCC

CBCC has an accumulated negative net position of $253,368,092 and its current liabilities exceed its current assets by $207,400,602 at June 30, 2025.

Pursuant to the ninth amendment of the restated and amended forbearance agreement effective June 30, 2025, the forbearance agreement was extended to December 31, 2025. 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 2024, December 2023, December 2022, December 2021, 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, 2025. 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. The financial statements do not include any adjustments that might be necessary if CBCC is unable to continue as a going concern.