



The Medical University of South Carolina
Charleston, South Carolina

Comprehensive Annual Financial Report
For the Year Ended June 30, 2013

A component unit of the State of South Carolina

This Comprehensive Annual Financial Report is also available from the
The Medical University of South Carolina website:

<http://academicdepartments.musc.edu/vpfa/financialreports>

Adobe Acrobat reader is required to read the pdf file.

Prepared by:
MUSC Controller's Office
19 Hagood Avenue, Suite 505
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Charleston, SC 29425-8170
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Cover: James E. Clyburn Research Center, Charleston, SC



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A component unit of the State of South Carolina

For the Year Ended June 30, 2013

Prepared by the Controller's Office

TABLE OF CONTENTS

Introductory Section

President's Letter	3
Transmittal Letter	4
Certificate of Achievement for Excellence in Financial Reporting, June 30, 2012.....	9
Board of Trustees and Principal University Officials	10
Organization Chart	11
The Medical University of South Carolina and Affiliated Organizations Chart.....	12

Financial Section

Independent Auditors' Report.....	13
Management's Discussion and Analysis – Required Supplementary Information (unaudited).....	15
Basic Financial Statements:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Statement of Net Position - Medical University Hospital Authority.....	28
Statement of Revenues, Expenses and Changes in Net Position - Medical University Hospital Authority	29
Statement of Financial Position - Medical University of South Carolina Foundation.....	30
Statement of Activities - Medical University of South Carolina Foundation.....	31
Statement of Financial Position - MUSC Foundation for Research Development	32
Statement of Activities - MUSC Foundation for Research Development	33
Notes to Financial Statements	34
Combining Statement of Net Position - Nonmajor Enterprise Funds	72
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds	73
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	74

Statistical Section (Unaudited)

Contents.....	75
Accreditation Statement	77
Schedule of Revenue by Source	78
Schedule of Expenses by Use.....	80
Schedule of Expenses by Function – University	82
Schedule of Net Position	84
Schedule of Changes in Net Position	85
Schedule of Ratios of Outstanding Debt – Primary Government	86
Schedule of Bond Coverage – University	87
Schedule of Ratios of Outstanding Debt – University	88
Schedule of Pledged Revenue Coverage – UMA.....	89
Enrollment Statistics – University	90
Admissions and Degree Statistics – University.....	92
Annual Tuition by College – University	94
Outpatient Visits by Specialty – UMA	95
Sources of Gross Clinical Service Charges – UMA	96
Employee Statistics – University.....	97
Employee Statistics – UMA	98
Schedule of Capital Asset Information – University	99
Demographic Statistics – State of South Carolina	100
Ten Largest Employers – State of South Carolina.....	101

Introductory Section

PRESIDENT'S LETTER

Office of President
Colcock Hall
179 Ashley Avenue
MSC 001
Charleston, SC 29425



October 10, 2013

Dear Friends:

It is a pleasure to present you with this summary financial report for the past fiscal year at the Medical University of South Carolina. It has been very gratifying to see that in these challenging times, the MUSC family has worked harder than ever to meet the needs of South Carolina and continues to be widely recognized. During the past fiscal year, **US News & World Report** recognized the College of Medicine as the 5th most popular medical school in the United States. MUSC also successfully submitted the Fifth Year Interim Report to its regional accreditor (Southern Association of Colleges and Schools, SACS). MUSC was one of fewer than 10 schools in 40 that did not receive any requests for additional evidence of compliance with SACS standards.

On the research front, MUSC was in the top 10% in the United States in the number of National Institutes of Health (NIH) grants for research training and education. Our investigators are developing new drugs, diagnostics and devices. We continue working to increase our entrepreneurial skills so that MUSC can translate new innovations into improvements in care and drive the knowledge-based economy of our state. The recruitment of a number of new endowed chairs as part of the Program has helped to drive this growth, and we are anticipating continued success with our Center for Innovation and Entrepreneurship.

The clinical enterprise also continues to grow and receive widespread recognition, including the national ranking of three adult and three pediatric specialties in **U.S. News & World Report**. During the past fiscal year, we treated record number of patients, while working to improve access to our caregivers and facilities. MUSC Physicians opened a state of the art ambulatory care facility in Mount Pleasant.

As we prepare for the future, MUSC is increasingly serving as an agent of change for education, research and health care in the State of South Carolina. We are working with colleagues at the College of Charleston to improve the collaboration between our institutions. Our educational programs remain highly competitive, with record numbers of applicants and rising academic credentials for those admitted. Our emphasis on interprofessional education continues to garner national recognition. We face the future with great pride in our accomplishments, and look forward to even greater challenges that test our potential.

Sincerely,

Mark S. Sothmann, Ph.D.
Interim President
Vice President for Academic Affairs and Provost

TRANSMITTAL LETTER

Office of the Executive Vice President
Finance and Operations
Colcock Hall
179 Ashley Avenue
MSC 002
Charleston, SC 29425
Telephone (843) 792-5050

October 10, 2013

Interim President Mark S. Sothmann, Ph.D.
Members of the Board of Trustees
Charleston, South Carolina

We are pleased to present the Comprehensive Annual Financial Report for The Medical University of South Carolina (the University) for the fiscal year ended June 30, 2013.

The Comprehensive Annual Financial Report includes the audited financial statements for the year ended June 30, 2013, and other information relating to the finances of the University. The financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants; however, responsibility for the accuracy of the information and for the completeness and reliability of its presentation rests with the management of the University. We believe this information is accurate in all material respects and fairly presents the University's financial position.

Management has established a comprehensive internal control framework designed to safeguard the assets of the University and its component units, to provide reliable accounting data and to ensure that organizational objectives are met. Policies and procedures have been established and made available throughout the organization to promote efficiency and compliance with established laws and regulations at University, State and Federal levels. As a recipient of federal financial awards, the University is responsible for ensuring compliance with all applicable laws and regulations related to these awards. Therefore, an annual single audit is performed in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. The University has designed into the process safeguards to reduce, though not eliminate, this risk.

Generally accepted accounting principles (GAAP) require that management provide a narrative overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which provides an overview and analysis of currently known facts and activities.

Profile of the University

The Medical University of South Carolina (the University) is a part of the primary government of the State of South Carolina and is included as a business-type activity in the State's Comprehensive Annual Financial Report.

The University, located in Charleston, South Carolina, was created by an act of the General Assembly in 1824 as the "Medical College of South Carolina". Historically, it is recognized as the first medical college in the South. The University is governed by a fourteen-member Board of Trustees consisting of the Governor or her designee (ex officio), twelve members elected by the General Assembly, and one member appointed by the Governor. As determined by the Board, the University's purpose is to preserve and optimize human life for the citizens of South Carolina and the nation through education of health care professionals and biomedical scientists, research in the health sciences, and provision of comprehensive health care.

The financial reporting entity consists of the University (the primary government), and six separate legal entities, which are considered component units of the University. The six component units consist of:

- ◆ One blended major fund entity, the University Medical Associates of the Medical University of South Carolina (UMA);
- ◆ Two blended non-major fund entities, CHS Development Company (CHS) and the Medical University Facilities Corporation (MUFC);
- ◆ One major discretely presented entity, the Medical University Hospital Authority (the Authority), and
- ◆ Two non-major discretely presented entities, the MUSC Foundation (MUSCF) and the MUSC Foundation for Research Development (MFRD).

Further information on the reporting entity is contained in Note 1 in the notes to the financial statements.

The State Budget and Control Board requires the University to submit an annual balanced budget. The University and its component units also prepare annual budgets for presentation to the Board of Trustees. Budgetary controls are incorporated into both the University's accounting system and the State's financial management system. Periodic financial reports comparing actual results with budgeted amounts are provided at both the University and the State level.

The University contracted with KPMG LLP, a firm of licensed certified public accountants, to perform the annual audit of the Medical University of South Carolina's financial statements and the audit of the University's federal financial assistance programs. The goal of the independent financial audit is to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2013 are free of material misstatement. Based on the audit, the independent auditor has rendered an unqualified opinion that the Medical University of South Carolina's financial statements for the year ended June 30, 2013 are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report. Information on the Single Audit of federal financial assistance programs is included in a separately issued Single Audit Report.

Additionally, the University's Internal Audit department performs fiscal, compliance and performance audits throughout the year. The reports resulting from these audits are shared with the University's management and the Board of Trustees.

Factors Affecting Financial Condition

The University employs approximately 5,000 faculty and staff and, when combined with the Medical University Hospital Authority and University Medical Associates, the university system, with more than 12,000 employees, is one of the largest employers in the State system and a major employer in the Charleston Tri-County area. The size of the University's student body is relatively stable, with fiscal year 2013 enrollment of approximately 2,700 full and part-time students in six colleges.

Local Economy

Economic factors on both the national and state levels impact the environment in which the University operates. South Carolina, in common with most states, has been negatively impacted by the continuing nationwide recession. South Carolina's unemployment rate at the end of June was 8.1 percent, which was .5 percent above the national average of 7.6 percent.

South Carolina's economic conditions improved during fiscal year 2013. The State's actual revenues increased by \$525.1 million (8.2% increase) over prior year revenues. The total General Fund revenue collections in fiscal year 2013 were \$6.4 billion. The State completed the fiscal year with a \$270.6 million budgetary General Fund surplus. Despite improved economic conditions, the State has continuing challenges with funding retirement benefits.

Long-term Financial Planning

As the global economy began to strengthen in the past year, MUSC took proactive steps to allocate funds conservatively and reduce spending. Below are just a few highlights from the University's fiscal year 2013 operating budget:

- The University received \$5.7 million from the state for deferred maintenance.
- The University received \$82.4 million in student tuition and fees.
- The University's extramural research funding was approximately \$230 million.
- Despite the economy, MUSC ended the fiscal year with \$74.5 million in private charitable donations.

The University successfully transitioned to a new funding model (Responsibility Centered Management) in fiscal year 2013 to promote transparency and to provide a structure for an integrated and longer-term planning process. As we look to the future, MUSC will work together to collectively refine the missions – education, research, and clinical care – and the many issues, challenges, and opportunities that fall within each of these areas. For education, MUSC will determine how to provide the highest quality of education to the students, while keeping tuition as low as possible. For the research mission, MUSC plans for NCI renewal for Hollings Cancer Center and to recruit new chairs for Family Medicine, Pathology, Public Health Sciences, and Regenerative Medicine. MUSC will continue to recruit SmartState chairs. With respect to the clinical mission, MUSC received the largest increase in state appropriations in more than 15 years to support the development of telemedicine, cancer mobile van, and a digital media incubator. MUSC will continue to provide the very highest quality of patient care in the midst of health care reform and reductions in Medicaid reimbursements.

Major Initiatives

The University's pursuit of excellence in education, research, and patient care has played an integral part in the many achievements of its faculty and staff. The University recognizes its obligations to the citizens of South Carolina and is committed to responding to their need for the highest quality education, improved health care delivery, and increased research endeavors. To address these needs, the University is focused on the integration of its education, research, and patient care activities to prepare a healthcare workforce with emphasis on inter-professional education and teamwork.

The University continues to recruit outstanding faculty and to expand its educational and research facilities. Drawing on the varied skills, abilities and knowledge in an integrated team approach across all education, research and patient care activities has resulted in outstanding achievements.

Awards

- MUSC successfully submitted its Fifth Year Interim Report to its regional accreditor (Southern Association of Colleges and Schools, SACS). MUSC was one of fewer than 10 schools in 40 that received no requests for additional evidence of compliance with SACS standards.
- U.S. News and World Report's 2013 edition showed MUSC's academic programs ranked among the best in the country: Drug and Alcohol Abuse (#10); OT (#21); PA (#25); Anesthesia for Nurses (#26); Pharmacy (#26); Health Care Management (#29); Primary care (#49); Nursing (#50); online graduate nursing programs (top 20).
- U.S. News and World Report 2013 edition showed that MUSC College of Medicine is the 5th most popular medical school in the US, the only school on the east coast to be included.
- U.S. News and World Report ranked MUSC as the State's Best Hospital and ranked MUSC among the best in the nation in six specialties: ENT, Nephrology, Rheumatology, Pediatric cardiology and heart surgery, Pediatric nephrology, and Pediatric gastroenterology.

Education

- College of Graduate Studies hosted the 11th Annual National Postdoctoral Association Conference: First in the Southeast.
- College of Dental Medicine had a 100% pass rate on Part II of Dental National Board Exam (2013).
- College of Pharmacy received full accreditation.
- Percent of MUSC students graduating in 2013 that agreed that they received a high quality education at MUSC was 92% or higher for all six colleges.
- LCME re-accredited College of Medicine. Launched a complete renovation of the College of Nursing facility.

Research

- College of Nursing ranked 21st in NIH funding.
- College of Pharmacy ranked Top 20 in NIH funding.
- MUSC was ranked #47 in the U.S. in NIH funding (out of 126 schools ranked).
- Top 10% in US in number of NIH grants for research training and education.
- Top 10 for biggest gains in federal funds for research in science/engineering, 1999-2009 (Chronicle of Higher Education).
- U.S. Rankings in NIH funding was top 30 or better in the following fields: Neuroscience, Psychiatry, Otolaryngology, Biochemistry, and Surgery.
- Rosalie Crouch, PhD, received the Governor's Award for Excellence in Scientific Research.

Clinical

- Opened a state of the art ambulatory care facility in Mt. Pleasant.
- Clinical services ranked as high performers (top 25% in a given specialty) by US News and World Report include oncology, gynecology, orthopedics, and cardiology and heart surgery, diabetes and endocrinology, gastroenterology, geriatrics, neurology and neurosurgery, pulmonology, and urology.
- MUSC was recognized by the National Association of Epilepsy Centers (NAEC) as a level 4 Center designation (highest level medical and surgical evaluation and treatment for patients with complex epilepsy).
- Clinical affairs exceeded growth goals in growth in new patient visits and established patient visits.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

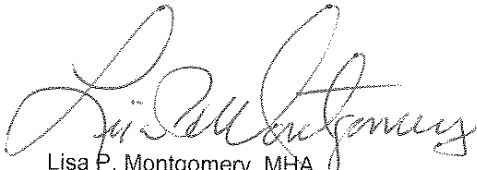
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Medical University of South Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twentieth consecutive year that the University has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

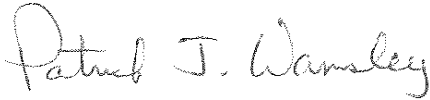
Acknowledgements

The preparation of the Comprehensive Annual Financial Report in a timely manner would not have been possible without the coordinated efforts of the Controller's Office and other University financial staff. We would like to thank each member for their contributions.


Sincerely,



Lisa P. Montgomery, MHA
Vice President for Finance and Administration



Patrick J. Wamsley, CPA
Chief Financial Officer



Susan F. Edwards, CPA
Controller

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The Medical University
of South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive style.

Executive Director/CEO

**BOARD OF TRUSTEES AND
PRINCIPAL UNIVERSITY OFFICIALS**

July 1, 2012 – June 30, 2013

Board of Trustees

The Hon. Nikki R. Haley
Governor

Thomas L. Stephenson, J.D.
*Chairman
Greenville, SC*

James E. Wiseman, D.M.D.
*Vice Chairman
Prosperity, SC*

Stanley C. Baker, Jr., M.D.
Greenwood, SC

William B. Hewitt, MSEE (b)
Charleston, SC

William H. Bingham, Sr.
Cayce-West Columbia, SC

Cotesworth P. Fishburne, Jr., D.D.S.
Rock Hill, SC

Harold W. Jablon, D.M.D. (a)
Columbia, SC

Donald R. Johnson, II, M.D.
Charleston, SC

E. Conyers O'Bryan, Jr., M.D.
Florence, SC

The Hon. Robin M. Tallon, Jr., B.A.
Florence, SC

Thomas C. Rowland, Jr., M.D.
Columbia, SC

Charles W. Schulze, CFE, CPA
Greenwood, SC

Charles B. Thomas, Jr., M.D.
Greenville, SC

a) *Governor's designee*
b) *Governor's at-large appointee*

Emerita/emeritus & Secretary

Margaret M. Addison, M.Ed.
*Emerita
Holly Hill, SC*

Claudia W. Peeples, B.A.
*Emerita
Barnwell, SC*

Allen E. Stalvey, MBA
*Emeritus
Columbia, SC*

Hugh B. Faulkner, III, B.A.
*Secretary
Columbia, SC*

Officers of The Medical University of South Carolina

Raymond S. Greenberg, M.D., Ph.D.
President

Mark S. Sothmann, Ph.D.
*Vice President
Academic Affairs and Provost (Note)*

Lisa P. Montgomery, MHA
*Executive Vice President
Finance and Operations*

Etta Pisano, M.D.
*Vice President
Medical Affairs*

Patrick J. Cawley, M.D., MHM, FACHE
*Vice President
Clinical Operations and Executive Director
MUSC Medical Center*

William J. Fisher, B.S.
*Vice President
Development*

Frank C. Clark, Ph.D.
*Vice President
Information Technology and Chief Information Officer*

Note: Due to Dr. Greenberg's pending resignation, Dr. Sothmann was appointed Interim President on July 10, 2013 to be effective in late August 2013.

Deans

Etta Pisano, M.D.
College of Medicine

Joseph T. DiPiro, Pharm. D.
Executive Dean, South Carolina College of Pharmacy

Philip D. Hall, Pharm. D.
MUSC Campus, SC College of Pharmacy

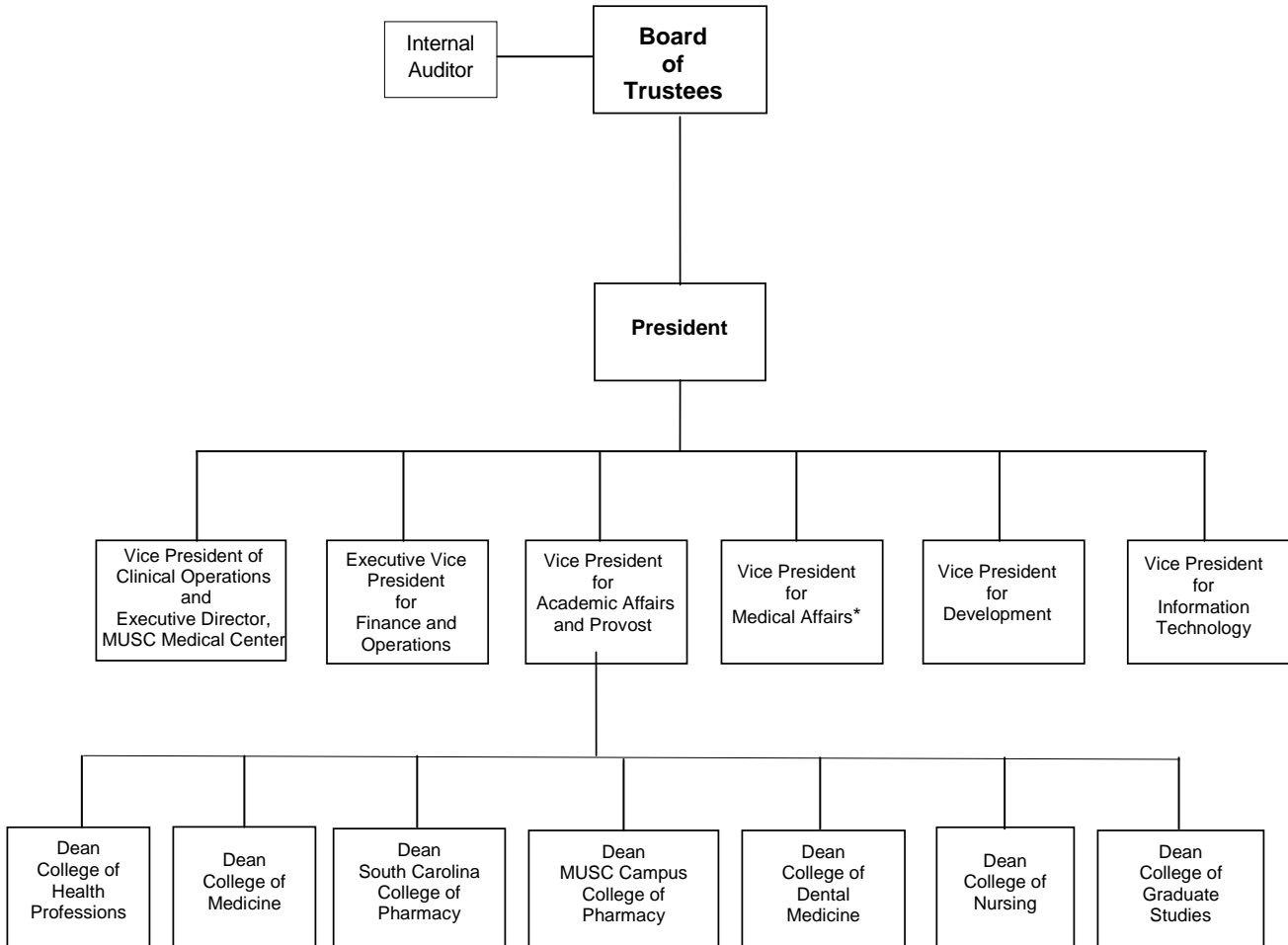
Gail W. Stuart, Ph.D., RN, FAAN, CS
College of Nursing

Perry V. Halushka, M.D., Ph.D.
College of Graduate Studies

John J. Sanders, DDS
College of Dental Medicine

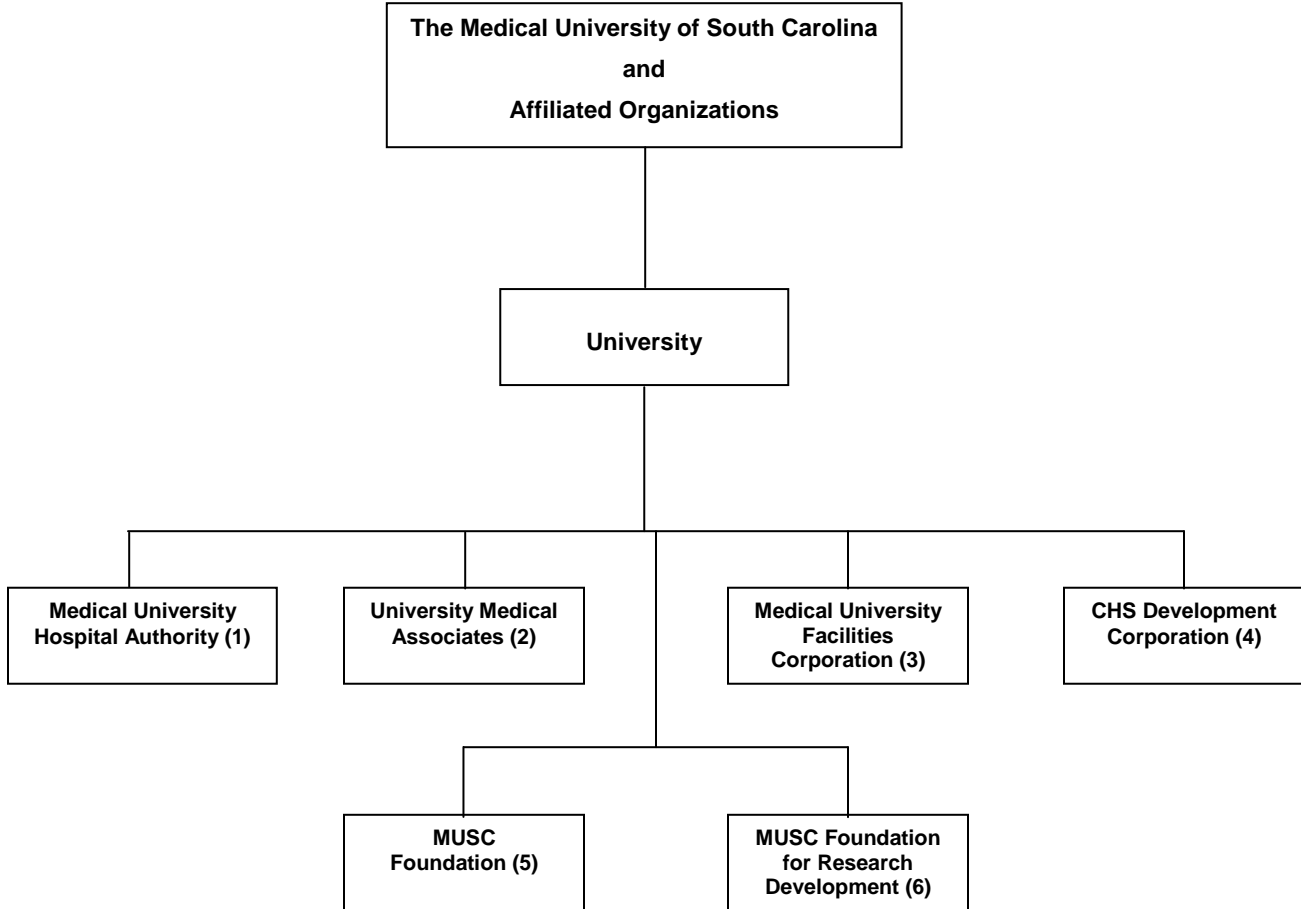
Lisa S. Saladin, PT, Ph.D.
College of Health Professions

ORGANIZATION CHART



* This Vice President also serves as Dean of the College of Medicine.

THE MEDICAL UNIVERSITY AND
AFFILIATED ORGANIZATIONS



Notes:

1. The Medical University Hospital Authority (MUHA) was formed in June, 2000 to manage and operate the hospitals and clinics of the University.
2. University Medical Associates (UMA) is a non-profit corporation established to promote and support the educational, medical, scientific, and research purposes of the University.
3. Medical University Facilities Corporation (MUFC) is a non-profit corporation established in fiscal year 1992 to obtain financing for the University to acquire real property.
4. CHS Development Corporation (CHS) is a non-profit corporation established in fiscal year 2003 to obtain financing for the University to acquire and develop real property.
5. The MUSC Foundation (MUSCF) is a non-profit corporation established in 1966 as an educational, charitable, eleemosynary foundation.
6. The MUSC Foundation for Research Development (MFRD) is a non-profit corporation established in 1995 to manage the University's intellectual property and technology marketing and to foster cooperation between the University and business and industry.

Financial Section



KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
Medical University of South Carolina
Charleston, South Carolina:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Medical University of South Carolina (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical University of South Carolina Foundation and the MUSC Foundation for Research Development, is based on the reports of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Medical University of South Carolina, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 15 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 audit 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The combining nonmajor enterprise fund financial statements and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor enterprise fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor enterprise fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2013 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia
October 10, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information (unaudited)

Introduction

The management of The Medical University of South Carolina offers readers of the financial statements this narrative overview and analysis of the financial position and activities of The Medical University of South Carolina for the fiscal year ended June 30, 2013 with comparative information for the year ended June 30, 2012. Management's discussion and analysis (MD&A) will focus on the financial position and operations of the primary institution (the University) and the blended component unit that is reported as a major fund, University Medical Associates (UMA). This discussion should be read in conjunction with our letter of transmittal in the introductory section of this report and with the accompanying financial statements and notes.

Financial Highlights

At June 30, 2013, total assets reported by the University were \$912.0 million and total liabilities were \$293.3 million. Net position, which represent the residual interest in the University's assets after liabilities are deducted, increased \$19.6 million in fiscal year 2012 from \$599.1 to \$618.7 million. Of the total net position, \$75.9 million represents unrestricted net position which may be used to meet the University's ongoing obligations. The University's operating revenues for the fiscal year 2013 increased \$26.1 million, or 6.1 percent, from fiscal year 2012 to \$454.8 million. Operating expenses increased by \$18.5 million, or 3.1 percent, over fiscal year 2012 to \$608.6 million. Net non-operating revenue for fiscal year 2013 was \$92.2 million, as compared to \$88.1 million for fiscal year 2012.

At June 30, 2013, UMA reported total assets and deferred outflows of \$310.3 million and total liabilities of \$94.9 million. Net position was \$215.4 million, an increase of \$7.5 million, or 3.6 percent, from the previous year. Of this amount, \$170.1 million represents unrestricted net position which is available to meet UMA's ongoing obligations. UMA's operating revenues for the fiscal year 2013 increased \$5.5 million, or 1.7 percent, from fiscal year 2012 to \$326.0 million. Operating expenses increased by \$12.9 million, or 5.2 percent, over fiscal year 2012 to \$261.1 million. Net non-operating revenue for fiscal year 2013 was \$2.5 million, as compared to net non-operating expense of \$8.0 million for fiscal year 2012.

Overview of the Financial Statements

The financial report includes three financial statements:

- ◆ Statement of Net Position
- ◆ Statement of Revenues, Expenses and Changes in Net Position
- ◆ Statement of Cash Flows

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles as prescribed in GASB Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities*. This statement establishes standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on an entity-wide basis to focus on the university as a whole rather than on individual fund groups.

Statement of Net Position

The Statement of Net Position presents the financial position as of the end of the fiscal year and includes all assets, liabilities, deferred outflows and deferred outflows of the entity. Cash and investments are generally reported at fair values. Capital assets are reported at historical cost less an allowance for depreciation. The difference between total assets and deferred outflows, and total liabilities and deferred inflows (net position) is one indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the current year. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the entity, and how much is owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure.

Net position is classified into components as follows:

- ◆ Net investment in capital assets represents the investment in property, plant, and equipment less any related debt used to acquire those assets .
- ◆ Restricted nonexpendable net position consist of the University's permanent endowment funds.
- ◆ Restricted expendable net position is available for expenditure, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- ◆ Unrestricted net position is available for any lawful purpose of the entity.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Unaudited

Summary of Net Position

Amounts in thousands

	The University		University Medical Associates		Nonmajor Enterprise Funds	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	\$ 226,189	\$ 207,161	\$ 207,690	\$ 202,622	\$ 3,826	\$ 8,766
Noncurrent assets						
Capital assets, net	552,439	570,273	77,952	79,775	-	-
Other assets & deferred outflows	133,389	136,302	24,658	29,567	20,589	26,940
Total assets & deferred outflows	912,017	913,736	310,300	311,964	24,415	35,706
Liabilities						
Current liabilities	128,491	139,762	31,435	32,594	2,657	6,146
Noncurrent liabilities	164,817	174,823	63,434	71,465	20,481	27,201
Total liabilities	293,308	314,585	94,869	104,059	23,138	33,347
Net Position						
Net investment in capital assets	388,791	397,994	45,325	46,071	-	-
Restricted						
Nonexpendable	79,072	76,514	-	-	-	-
Expendable	74,979	52,742	-	-	1,277	2,359
Unrestricted	75,867	71,901	170,106	161,834	-	-
Total net position	\$ 618,709	\$ 599,151	\$ 215,431	\$ 207,905	\$ 1,277	\$ 2,359

	Interfund Capital Lease Eliminations		Total Primary Government	
	2013	2012	2013	2012
Assets				
Current assets	\$ (2,127)	\$ (5,097)	\$ 435,578	\$ 413,452
Noncurrent assets				
Capital assets, net	-	-	630,391	650,048
Other assets & deferred outflows	(18,563)	(20,690)	160,073	172,119
Total assets & deferred outflows	(20,690)	(25,787)	1,226,042	1,235,619
Liabilities				
Current liabilities	(2,127)	(5,097)	160,456	173,405
Noncurrent liabilities	(18,563)	(20,690)	230,169	252,799
Total liabilities	(20,690)	(25,787)	390,625	426,204
Net Position				
Net investment in capital assets	-	-	434,116	444,065
Restricted				
Nonexpendable	-	-	79,072	76,514
Expendable	-	-	76,256	55,101
Unrestricted	-	-	245,973	233,735
Total net position	\$ -	\$ -	\$ 835,417	\$ 809,415

The University's total assets decreased \$1.7 million or less than 1.0 percent. Total liabilities decreased \$21.3 million from fiscal year 2013 to fiscal year 2012, primarily due to a decrease in long-term liabilities resulting primarily from scheduled debt repayments.

UMA's total assets & deferred outflows decreased \$1.7 million in fiscal year 2013 while liabilities decreased \$9.2 million. UMA's unrestricted net position increased \$8.3 million from \$161.8 million at the end of fiscal year 2012 to \$170.1 million at the end of fiscal year 2013.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Unaudited

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. Operating revenues are earned by providing goods and services to various customers and constituencies. Operating expenses are incurred to acquire or produce the goods and services and to carry out the mission of the entity. Non-operating revenues are revenues received for which goods and services are generally not provided. A public university's dependence on state aid and gifts usually results in operating deficits because state appropriations and gifts are classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which spreads the cost of an asset over its expected useful life.

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned, both operating and non-operating, and the expenses incurred, operating and non-operating, and any other revenues, expenses, gains and losses received or incurred by the entity.

Summary of Revenues, Expenses and Changes in Net Position

Amounts in thousands

	The University		University Medical Associates		Nonmajor Enterprise Funds	
	2013	2012	2013	2012	2013	2012
Operating revenues	\$ 454,800	\$ 428,744	\$ 325,988	\$ 320,473	\$ 1,331	\$ 1,611
Operating expenses	(608,612)	(590,087)	(261,120)	(248,201)	(1,543)	(1,975)
Operating income (loss)	(153,812)	(161,343)	64,868	72,272	(212)	(364)
Nonoperating revenues	104,660	97,653	10,102	3,645	-	-
Nonoperating expenses	(12,492)	(9,545)	(7,651)	(11,606)	-	-
Net nonoperating revenues (expenses)	92,168	88,108	2,451	(7,961)	-	-
Income (loss) before other revenues, expenses, gains, losses, and transfers	(61,644)	(73,235)	67,319	64,311	(212)	(364)
Capital appropriations	13,280	21,160	-	-	-	-
Capital grants and gifts	4,710	5,362	-	-	-	-
Additions to permanent endowments	2,549	9,749	-	-	-	-
Transfers	60,663	53,917	(59,793)	(54,570)	(870)	653
Change in net position	19,558	16,953	7,526	9,741	(1,082)	289
Net position at beginning of year	599,151	582,198	207,905	198,164	2,359	2,070
Net position at end of year	<u>\$ 618,709</u>	<u>\$ 599,151</u>	<u>\$ 215,431</u>	<u>\$ 207,905</u>	<u>\$ 1,277</u>	<u>\$ 2,359</u>

	Interfund Capital Lease Eliminations		Total Primary Government	
	2013	2012	2013	2012
Operating revenues	\$ (1,220)	\$ (1,421)	\$ 780,899	\$ 749,407
Operating expenses	-	-	(871,275)	(840,263)
Operating income (loss)	(1,220)	(1,421)	(90,376)	(90,856)
Nonoperating revenues	-	-	114,762	101,298
Nonoperating expenses	1,220	1,421	(18,923)	(19,730)
Net nonoperating revenues (expenses)	1,220	1,421	95,839	81,568
Income (loss) before other revenues, expenses, gains, losses, and transfers	-	-	5,463	(9,288)
Capital appropriations	-	-	13,280	21,160
Capital grants and gifts	-	-	4,710	5,362
Additions to permanent endowments	-	-	2,549	9,749
Transfers	-	-	-	-
Change in net position	-	-	26,002	26,983
Net position at beginning of year	-	-	809,415	782,432
Net position at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,417</u>	<u>\$ 809,415</u>

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Unaudited

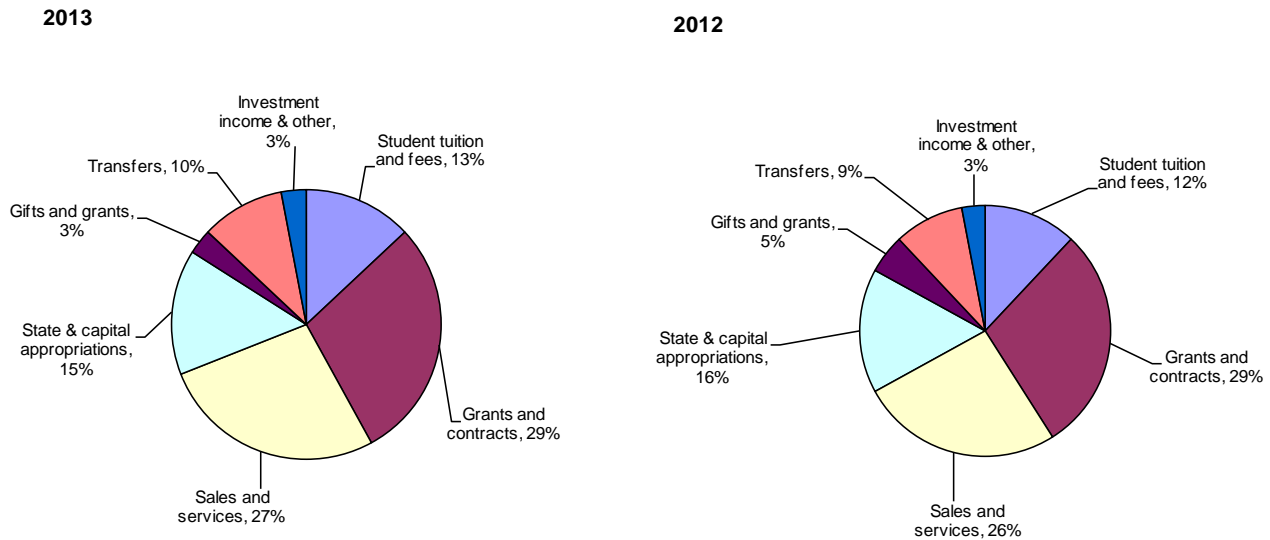
Revenues

The University's daily operations are funded primarily from grants and contracts, sales and services, and State and capital appropriations. These three sources account for 71 percent of the total fiscal year 2013 revenues of \$640.7 million and 71 percent of the total fiscal year 2012 revenues of \$616.6 million. The following table and chart illustrate the University's revenues by source.

Revenues by Source – The University

Amounts in thousands

	<u>2013</u>	<u>Percent Of Total</u>	<u>2012</u>	<u>Percent Of Total</u>
Operating revenues				
Student tuition and fees	\$ 82,352	13%	\$ 76,850	12%
Grants and contracts	187,126	29%	178,223	29%
Sales and services	175,384	27%	161,707	26%
Other operating revenues	<u>9,938</u>	<u>2%</u>	<u>11,964</u>	<u>2%</u>
Total operating revenues	<u>454,800</u>	<u>71%</u>	<u>428,744</u>	<u>69%</u>
Nonoperating and other revenues				
State & capital appropriations	95,605	15%	100,177	16%
Gifts and grants	21,145	3%	28,294	5%
Investment income	8,449	1%	(536)	0%
Transfers	60,663	10%	53,917	9%
Other nonoperating revenues	<u>-</u>	<u>0%</u>	<u>5,989</u>	<u>1%</u>
Total nonoperating and other revenues	<u>185,862</u>	<u>29%</u>	<u>187,841</u>	<u>31%</u>
Total revenues	<u><u>\$ 640,662</u></u>	<u><u>100%</u></u>	<u><u>\$ 616,585</u></u>	<u><u>100%</u></u>



In fiscal year 2013, the University's total revenues increased by \$24.1 million from the previous fiscal year. Tuition revenues increased \$5.5 million primarily due to tuition rate increases. Grants and contracts increased \$8.9 million primarily due to the net effect of increases in state and nongovernmental grant revenues and a decrease in federal grant revenues. Sales and services revenues increased \$13.7 million, primarily due to increased sales and services to the Medical University Hospital Authority, a discretely presented component unit.

State appropriations, capital and non capital, decreased \$4.6 million primarily due lower research infrastructure bond proceeds, offset in part by increases in operating appropriations and appropriations to fund deferred maintenance and a one-time appropriation subsequently paid to the Authority for the Ashley River Tower. State appropriations included \$18.6 million in fiscal year 2013 and fiscal year 2012 which was subsequently paid to the Authority as part of the Disproportionate Share Program administered by the South Carolina Department of Health and Human Services.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Unaudited

Gifts and grants decreased \$7.1 million primarily due to a decrease in permanent endowment additions. Investment income increased \$9.0 million primarily due to earnings and realized and unrealized gains (losses) from endowments totaling \$8.4 million in fiscal year 2013 as compared to (\$1.5 million) in fiscal year 2012. Other nonoperating revenues decreased \$6.0 million primarily due to the legal settlement related to the Strom Thurmond building recorded in fiscal year 2012.

Operating Revenue by Source for the Major Blended Component Unit

Amounts in thousands

	University Medical Associates	
	2013	2012
Net patient service revenue	\$ 312,252	\$ 302,262
Educational agreements	6,077	4,955
Other operating revenue	7,659	13,256
Total operating revenue	<u>\$ 325,988</u>	<u>\$ 320,473</u>

UMA's' net patient service revenue increased \$10.0 million. Other operating revenue decreased \$5.6 million primarily due to a decrease in support from the Medical University Hospital Authority for various clinical initiatives during fiscal year 2013 and a reclassification of certain payments for salary reimbursements as a contra-expense .

Nonoperating revenues increased \$6.5 million primarily due to an increase in the carrying value of certain investment securities resulting from various factors which positively impacted the market for those securities.

Expenses

The University's total expenses were \$621.1 million in fiscal year 2013, up \$21.5 million from \$599.6 million in fiscal year 2012.

Non-operating expenses included in the University's total expenses amounted to \$12.5 million and \$9.5 million in fiscal years 2013 and 2012, respectively. This \$3.0 increase was primarily due to the net impact of a one-time state appropriation paid to the Authority for the Ashley River Tower and additional interest related to the medical resident FICA refund described in Note 21.

The University's operating expenses were \$608.6 million for the fiscal year ended June 30, 2013, an increase of \$18.5 million from fiscal year 2012. The increase of 3.1 percent resulted primarily from increases in compensation and employee benefits of \$12.9 million and in services and supplies of \$3.5 million.

The operating expenses are reported by natural classification (object) in the financial statement and by functional classification in the Notes. The following tables and charts illustrate the University's operating expenses by the two classifications.

Operating Expenses by Object – The University

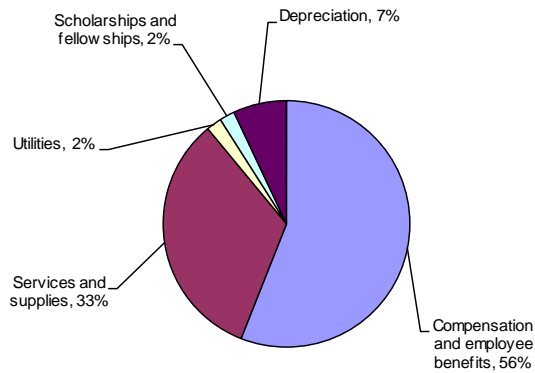
Amounts in thousands

	2013		2012	
		Percent Of Total		Percent Of Total
Compensation and employee benefits	\$ 341,377	56%	\$ 328,526	56%
Services and supplies	201,935	33%	198,467	33%
Utilities	13,332	2%	13,123	2%
Scholarships and fellowships	10,880	2%	9,653	2%
Depreciation	41,088	7%	40,318	7%
Total operating expenses	<u>\$ 608,612</u>	<u>100%</u>	<u>\$ 590,087</u>	<u>100%</u>

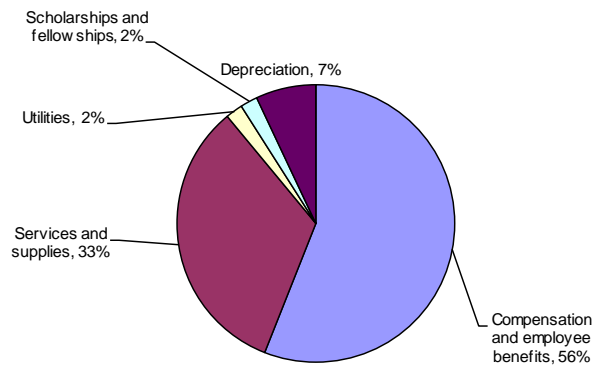
MEDICAL UNIVERSITY OF SOUTH CAROLINA

Unaudited

2013



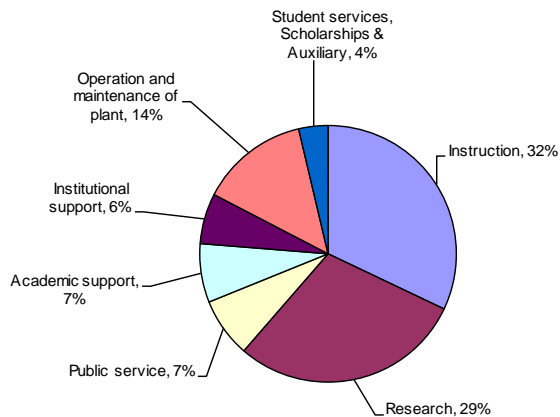
2012



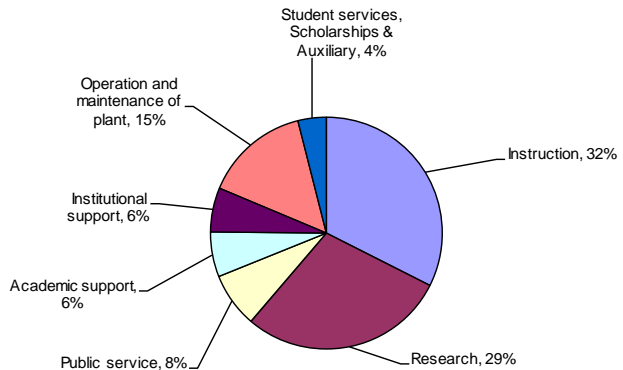
Operating Expenses by Function – The University
Amounts in thousands

	2013	Percent Of Total	2012	Percent Of Total
Instruction	\$ 195,119	32%	\$ 191,499	32%
Research	178,477	29%	169,997	29%
Public service	45,580	7%	45,137	8%
Academic support	45,032	7%	36,898	6%
Student services	8,388	1%	8,258	1%
Institutional support	38,686	6%	36,400	6%
Operation and maintenance of plant	83,346	14%	86,833	15%
Scholarships and fellowships	3,321	1%	3,068	1%
Auxiliary enterprises	10,663	2%	11,997	2%
Total operating expenses	\$ 608,612	100%	\$ 590,087	100%

2013



2012



MEDICAL UNIVERSITY OF SOUTH CAROLINA

Unaudited

UMA's operating expenses increased by \$12.9 million primarily due to an increase in expenses related to the subsidy of various clinics previously operated by clinical departments, maintenance costs, costs related to the implementation of a new electronic medical records system, increases in revenue cycle operating costs, and increases in productivity-based faculty compensation costs.

UMA's nonoperating expenses decreased \$4.0 million primarily due to a decrease in gifts to the Medical University of South Carolina Foundation.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity during the year. This statement aids in the assessment of the entity's ability to generate future net cash flows and to meet obligations and commitments as they come due. The University's primary sources of operating and noncapital related cash in fiscal 2013 were state appropriations, grants and contracts, sales and services of educational and other activities, and tuition and fees. Primary uses of these cash sources were salaries and benefits for faculty, staff, and student employees, and payments to suppliers of goods and services.

The statement is divided into five sections.

- ◆ The University's cash flows from operating activities include cash received for tuition and research grants, salaries paid to employees and payments to vendors. Since State appropriations and gifts are not considered operating revenues, operating activities of the University produced a net cash outflow of \$117.6 million.
- ◆ The University's non-capital financing activities, which include State appropriations received for operations and noncapital gifts and transfers, generated a net cash inflow of \$170.6 million.
- ◆ The University's capital and related financing activities include the proceeds received from the issuance of long-term debt obligations, capital grants and gifts received, repayment of debt, and acquisition of capital assets. Debt proceeds, capital appropriations, grants and gifts received in the current year were more than offset by capital expenditures and payments on debt, resulting in a net cash outflow of \$34.8 million.
- ◆ The University's investing activities consisted of \$2.4 million of earnings on investments and \$3.1 million of endowment corpus deposited with the Medical University of South Carolina Foundation.
- ◆ The last section of the statement reconciles the net cash provided or used by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Capital Asset and Debt Activities

The following is a summary of capital asset and long-term debt activity for the University and its major blended component unit for fiscal year 2013. More detailed information can be found in Note 5 (Capital Assets), Note 12 (Bonds and Notes Payable) and Note 13 (Lease Obligations) of the Notes to the Financial Statements.

Capital Assets, Net of Depreciation

Amounts in thousands

	The University		University Medical Associates	
	2013	2012	2013	2012
Land	\$ 11,646	\$ 11,646	\$ 10,759	\$ 10,722
Construction in progress	30,252	19,773	3,042	26,056
Land improvements	6,140	6,657	-	-
Buildings and improvements	434,205	453,496	51,465	30,399
Machinery and equipment	69,795	78,284	8,450	7,406
Vehicles	401	417	4,236	5,192
	<u>\$ 552,439</u>	<u>\$ 570,273</u>	<u>\$ 77,952</u>	<u>\$ 79,775</u>

The University

Capital additions, net of the change in construction in progress, totaled \$25.1 million in fiscal year 2013 and consisted primarily of costs associated with renovations to administrative and laboratory space, and investments in medical, scientific and laboratory equipment.

The University had outstanding commitments under construction contracts related to these and other projects of approximately \$19.0 million at June 30, 2013. These projects are being funded by bond proceeds, federal grants, state appropriations, restricted gifts, and unrestricted university funds.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Unaudited

University Medical Associates

UMA's investment in capital assets, net of accumulated depreciation as of June 30, 2013 was \$78.0 million. Significant capital additions in fiscal year 2013 included completion and furnishing of a new medical office building, costs associated with a new electronic medical records system, and renovation of an existing medical office building.

The following table shows the amounts and types of bonds, notes, and capital leases outstanding as of June 30, 2013.

Bonds, Notes, Capital Lease Obligations, and Interfund Payables

Amounts in thousands

	The University		University Medical Associates	
	2013	2012	2013	2012
State institution bonds, net	\$ 44,054	\$ 48,371	\$ -	\$ -
State bond anticipation notes	28,000	28,000	-	-
Revenue bonds, net	32,415	33,625	-	-
Notes payable	3,215	6,043	16,145	19,024
Variable rate demand bonds	-	-	48,039	47,319
Capital lease obligations	835	1,213	-	-
Due to component unit	44,914	45,440	-	-
Interfund payables	20,690	25,787	-	-
	<u>\$ 174,123</u>	<u>\$ 188,479</u>	<u>\$ 64,184</u>	<u>\$ 66,343</u>

The University

Following is a brief explanation of each type of long-term debt with examples of the assets acquired and the funding source the University expects to use to service the debt.

State Institution Bonds (SIB)

These bonds require the University to pledge revenue from student tuition for the repayment of this debt. If the University fails to repay this debt, the State would repay the debt because these bonds are backed by the State's full faith, credit and taxing power. The proceeds from SIBs provided a portion of the funding for the Harper Student Center, the site for the Strom Thurmond Biomedical Research Facility, the Storm Eye Institute addition, the Children's Research Institute, and a number of major renovation projects. The University's SIBs are general obligation bonds of the State of South Carolina. Moody's Investors Services rates them as "Aaa". At June 30, 2013, the net SIB payable totaled \$72.1 million and included a \$28 million State Bond Anticipation Note originally issued to help fund the construction of the School of Dental Medicine Building.

Revenue Bonds

In fiscal year 2007, the University issued a \$38 million revenue bond for the purpose of financing a new parking garage which opened in the Fall of 2008.

Notes Payable

On October 3, 2008, the Board of Trustees approved a resolution authorizing the University to use the South Carolina Master Lease Program for the purpose of financing the costs of purchasing and implementing energy conservation measures that will benefit both the University and the Authority with the understanding that debt service payments will be generated from the associated energy savings. Pursuant to this resolution, the University borrowed \$15,387,340 from Bank of America during fiscal year 2009.

Capital Leases

The University has outstanding capital leases with Medical University Facilities Corporation (MUFC), a blended component unit, for Harborview Office Tower and a portion of the Strom Thurmond Biomedical Research Center. Monthly payments are made to a financial institution as trustee under the leases. At June 30, 2013, the capital lease liability payable to MUFC totaled \$3.6 million. The University also has an outstanding capital lease with CHS Development Company (CHS), a blended component unit, for the College of Health Professions complex and a parking garage. Monthly payments are made to a financial institution as trustee under this lease. At June 30, 2013, the capital lease liability payable to CHS was \$17.1 million. The leases with these blended component units are considered Interfund Payables.

In fiscal year 2009, the University entered into capital leases with the Medical University of South Carolina Foundation (MUSCF), a discretely presented component unit, for a garage and two office buildings. As of June 30, 2013, the capital lease liability payable to MUSCF, which is reflected as Due to Component Unit, totaled \$44.9 million.

In addition, the University has \$0.8 million in capital leases payable at June 30, 2013 for various pieces of equipment.

Unaudited

Sources Other Than Debt

The University also acquires some of its capital assets from other sources such as:

- ◆ *Federal grants.* Grants were received from the federal government for some of the construction costs of the Hollings Cancer Center, the Drug Discovery and Biosciences Buildings, and the Bee Street Parking Garage. The University is not obligated to repay these monies.
- ◆ *State Capital Improvement Bonds.* The State issues these bonds and makes the proceeds available for the University to spend on approved projects. The University used capital improvement bond proceeds to partially fund the construction of the new College of Dental Medicine Building. The University is not obligated to repay these funds to the State, therefore, the debt is not recorded on the University's financial statements.
- ◆ *Research Infrastructure Bonds.* The State issues these bonds and makes the proceeds available for the University to spend on approved projects. The University used research infrastructure bond proceeds to fund the construction of a new Drug Discovery Building and a Bioengineering Building. The University is not obligated to repay these funds to the State; therefore, the debt is not recorded in the University's financial statements.
- ◆ *Private Gifts and Grants.* Cash and other resources donated to the MUSC Foundation are periodically transferred to the University for capital projects.

University Medical Associates

At year-end, UMA had \$64.2 million in outstanding bonds, notes and capital lease obligations compared to \$66.3 million outstanding in the prior year.

Requests for Information

These financial statements are designed to provide a general overview of The Medical University of South Carolina and its component units' financial activities and to demonstrate the University's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller's Office, Medical University of South Carolina, 19 Hagood Avenue, Suite 505, MSC 817, Charleston, South Carolina, 29425. These financial statements may also be obtained from our website:

<http://academicdepartments.musc.edu/vpfa/financialreports>

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF NET POSITION

June 30, 2013

	The University	University Medical Associates	Nonmajor Enterprise Funds	Interfund Capital Leases Elimination	Total Primary Government
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 127,773,529	\$ 76,318,049	\$ -	\$ -	\$ 204,091,578
Investments	-	64,674,568	-	-	64,674,568
Receivables, net	58,777,173	38,341,686	9,044	-	97,127,903
Student loans receivable	57,967	-	-	-	57,967
Due from other funds	-	26,122,509	-	-	26,122,509
Due from component units	9,307,906	313,420	-	-	9,621,326
Prepaid items	4,123,937	338,226	156,349	-	4,618,512
Restricted assets					
Cash and cash equivalents	14,457,511	-	475,837	-	14,933,348
Investments	-	-	1,014,222	-	1,014,222
Due from component units	10,233,108	-	-	-	10,233,108
Interfund receivables	-	-	2,126,842	(2,126,842)	-
Student loans receivable	1,417,667	-	-	-	1,417,667
Other current assets	40,246	1,581,839	44,048	-	1,666,133
Total current assets	<u>226,189,044</u>	<u>207,690,297</u>	<u>3,826,342</u>	<u>(2,126,842)</u>	<u>435,578,841</u>
Noncurrent Assets					
Investments	-	9,996,800	-	-	9,996,800
Student loans receivable	502,698	-	-	-	502,698
Restricted assets					
Cash and cash equivalents	42,665,010	-	-	-	42,665,010
Investments	-	-	213,000	-	213,000
Due from component units	78,343,985	-	-	-	78,343,985
Interfund receivables	-	-	18,562,956	(18,562,956)	-
Student loans receivable	11,180,264	-	-	-	11,180,264
Prepaid items	-	8,502,695	1,489,852	-	9,992,547
Investment in partnerships	-	2,436,413	-	-	2,436,413
Capital assets, net of accumulated depreciation	552,439,331	77,951,766	-	-	630,391,097
Other noncurrent assets	696,701	490,911	322,846	-	1,510,458
Total noncurrent assets	<u>685,827,989</u>	<u>99,378,585</u>	<u>20,588,654</u>	<u>(18,562,956)</u>	<u>787,232,272</u>
Total assets	<u>912,017,033</u>	<u>307,068,882</u>	<u>24,414,996</u>	<u>(20,689,798)</u>	<u>1,222,811,113</u>
DEFERRED OUTFLOWS					
Accumulated decrease in fair value of hedging derivatives	-	3,230,566	-	-	3,230,566
Total assets and deferred outflows	<u>912,017,033</u>	<u>310,299,448</u>	<u>24,414,996</u>	<u>(20,689,798)</u>	<u>1,226,041,679</u>
LIABILITIES					
Current liabilities					
Payables and accrued liabilities	20,914,821	23,303,181	380,521	-	44,598,523
Due to other funds	26,122,509	-	-	-	26,122,509
Due to component units	568,227	2,315,892	-	-	2,884,119
Unearned revenues	21,792,340	-	-	-	21,792,340
Interfund payables	2,126,842	-	-	(2,126,842)	-
Long-term liabilities	49,961,081	5,816,196	2,276,236	-	58,053,513
Other current liabilities	7,004,924	-	-	-	7,004,924
Total current liabilities	<u>128,490,744</u>	<u>31,435,269</u>	<u>2,656,757</u>	<u>(2,126,842)</u>	<u>160,455,928</u>
Noncurrent liabilities					
Interfund payables	18,562,956	-	-	(18,562,956)	-
Due to component unit	44,345,913	-	-	-	44,345,913
Federal loan program liability	14,305,947	-	-	-	14,305,947
Long-term liabilities	87,602,045	61,742,001	20,481,296	-	169,825,342
Fair value of derivative instruments	-	1,691,473	-	-	1,691,473
Total noncurrent liabilities	<u>164,816,861</u>	<u>63,433,474</u>	<u>20,481,296</u>	<u>(18,562,956)</u>	<u>230,168,675</u>
Total liabilities	<u>293,307,605</u>	<u>94,868,743</u>	<u>23,138,053</u>	<u>(20,689,798)</u>	<u>390,624,603</u>
NET POSITION					
Net investment in capital assets	388,790,859	45,324,792	-	-	434,115,651
Restricted					
Nonexpendable	79,071,572	-	-	-	79,071,572
Expendable for					
Education	21,033,799	-	-	-	21,033,799
Loans	3,831,016	-	-	-	3,831,016
Capital projects	50,030,100	-	-	-	50,030,100
Debt service	84,593	-	1,276,943	-	1,361,536
Unrestricted	75,867,489	170,105,913	-	-	245,973,402
Total net position	<u>\$ 618,709,428</u>	<u>\$ 215,430,705</u>	<u>\$ 1,276,943</u>	<u>\$ -</u>	<u>\$ 835,417,076</u>

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2013

	The University	University Medical Associates	Nonmajor Enterprise Funds	Interfund Capital Leases Elimination	Total Primary Government
Operating revenues					
Student tuition and fees (net of scholarship allowances of \$ 4,318,353)	\$ 82,352,333	\$ -	\$ -	\$ -	\$ 82,352,333
Federal operating grants and contracts	142,466,994	-	-	-	142,466,994
State operating grants and contracts	14,596,482	-	-	-	14,596,482
Local government operating grants and contracts	15,925	-	-	-	15,925
Nongovernmental operating grants and contracts	30,047,414	-	-	-	30,047,414
Sales and services provided to Medical University Hospital Authority	102,100,870	-	-	-	102,100,870
Sales and services of educational and other activities	61,324,808	-	-	-	61,324,808
Net patient service revenue	-	312,252,374	-	-	312,252,374
Ambulatory care and Medical University Hospital Authority revenue cycle support	-	6,076,841	-	-	6,076,841
Auxiliary enterprises	11,957,627	-	-	-	11,957,627
Interest income (used as security for revenue bonds and notes)	-	-	1,298,600	(1,220,438)	78,162
Other operating revenues	9,937,501	7,658,868	32,654	-	17,629,023
Total operating revenues	454,799,954	325,988,083	1,331,254	(1,220,438)	780,898,853
Operating expenses					
Compensation and employee benefits	341,377,042	193,632,474	-	-	535,009,516
Services and supplies	201,934,712	61,359,239	1,072	-	263,295,023
Utilities	13,332,170	588,215	-	-	13,920,385
Scholarships and fellowships	10,879,634	-	-	-	10,879,634
Interest expense	-	-	1,305,637	-	1,305,637
Depreciation and amortization	41,088,321	5,539,851	236,884	-	46,865,056
Total operating expenses	608,611,879	261,119,779	1,543,593	-	871,275,251
Operating income (loss)	(153,811,925)	64,868,304	(212,339)	(1,220,438)	(90,376,398)
Nonoperating revenues (expenses)					
State appropriations	82,324,884	-	-	-	82,324,884
Gifts and grants	13,886,581	-	-	-	13,886,581
Gifts made	-	(3,178,017)	-	-	(3,178,017)
Investment income	8,448,732	6,644,005	-	-	15,092,737
Interest expense	(8,071,184)	(4,401,243)	-	1,220,438	(11,251,989)
Loss on sale of capital assets	(1,087,379)	(72,187)	-	-	(1,159,566)
Transfers to other state funds	(182,206)	-	-	-	(182,206)
Other nonoperating revenues (expenses)	(3,151,608)	3,458,031	-	-	306,423
Net nonoperating revenues (expenses)	92,167,820	2,450,589	-	1,220,438	95,838,847
Income (loss) before other revenues, expenses, gains, losses, and transfers	(61,644,105)	67,318,893	(212,339)	-	5,462,449
Capital appropriations	13,279,645	-	-	-	13,279,645
Capital grants and gifts	4,710,654	-	-	-	4,710,654
Additions to permanent endowments	2,549,213	-	-	-	2,549,213
Interfund transfers	60,663,070	(59,793,098)	(869,972)	-	-
Change in net position	19,558,477	7,525,795	(1,082,311)	-	26,001,961
Net position at beginning of year	599,150,951	207,904,910	2,359,254	-	809,415,115
Net position at end of year	\$ 618,709,428	\$ 215,430,705	\$ 1,276,943	\$ -	\$ 835,417,076

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF CASH FLOWS
For the year ended June 30, 2013

	The University	University Medical Associates	Nonmajor Enterprise Funds	Interfund Capital Leases Elimination	Total Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES					
Student tuition and fees	\$ 82,697,415	\$ -	\$ -	\$ -	\$ 82,697,415
Grants and contracts	176,857,040	-	-	-	176,857,040
Auxiliary enterprise charges	11,957,627	-	-	-	11,957,627
Receipts for services provided to Medical University Hospital Authority	87,200,252	-	-	-	87,200,252
Receipts for services of educational activities	57,571,616	-	-	-	57,571,616
Receipts from patients and third-party payors	-	307,103,306	-	-	307,103,306
Payments to employees	(332,936,091)	(201,474,324)	-	-	(534,410,415)
Payments to suppliers	(200,677,586)	(51,483,300)	(1,072)	-	(252,161,958)
Payments for scholarships and fellowships	(10,879,634)	-	-	-	(10,879,634)
Loans issued to students	(1,558,439)	-	-	-	(1,558,439)
Collection of loans to students	2,434,868	-	-	-	2,434,868
Student loan program receipts	36,207,473	-	-	-	36,207,473
Student loan program disbursements	(36,139,185)	-	-	-	(36,139,185)
Other receipts	10,989,467	18,492,619	-	-	29,482,086
Other payments	(1,313,664)	-	-	-	(1,313,664)
Net cash provided (used) by operating activities	<u>(117,588,841)</u>	<u>72,638,301</u>	<u>(1,072)</u>	<u>-</u>	<u>(44,951,612)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State appropriations	82,324,884	-	-	-	82,324,884
Interfund transfers received	61,180,842	-	517,772	-	61,698,614
Interfund transfers paid	(517,772)	(59,793,098)	(1,387,744)	-	(61,698,614)
Transfers to other state funds	(66,648)	-	-	-	(66,648)
Gifts made	-	(3,178,017)	-	-	(3,178,017)
Gifts and grants received	17,588,042	-	-	-	17,588,042
Interest on medical resident FICA refund received from Internal Revenue Service	10,118,767	-	-	-	10,118,767
Interest paid on noncapital debt	(67,836)	-	-	-	(67,836)
Proceeds from refunded notes payable	-	-	19,290,000	-	19,290,000
Principal paid on bonds and notes payable	-	(1,849,115)	(19,290,000)	-	(21,139,115)
Interest paid on bonds and notes payable	-	(1,335,796)	-	-	(1,335,796)
Net cash provided (used) by noncapital financing activities	<u>170,560,279</u>	<u>(66,156,026)</u>	<u>(869,972)</u>	<u>-</u>	<u>103,534,281</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital debt	28,000,000	-	-	-	28,000,000
Capital appropriations	14,752,057	-	-	-	14,752,057
Capital appropriation paid to Medical University Hospital Authority	(5,500,000)	-	-	-	(5,500,000)
Capital grants and gifts received	3,338,757	-	-	-	3,338,757
Proceeds from sale of capital assets	727,815	-	-	-	727,815
Purchases of capital assets	(25,467,506)	(10,514,696)	-	-	(35,982,202)
Principal paid on capital debt and leases	(42,338,485)	(1,942,384)	(9,233,000)	-	(53,513,869)
Interest paid on capital debt and leases	(8,269,049)	(1,393,189)	(1,549,316)	-	(11,211,554)
Payment of fees and issuance cost	(21,280)	-	(325,437)	-	(346,717)
Net cash used by capital and related financing activities	<u>(34,777,691)</u>	<u>(13,850,269)</u>	<u>(11,107,753)</u>	<u>-</u>	<u>(59,735,713)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Collection of interfund receivables	-	-	5,097,564	-	5,097,564
Interest received on interfund receivables	-	-	1,211,602	-	1,211,602
Purchases of investments	-	(32,722,027)	(4,085,689)	-	(36,807,716)
Proceeds from sales and maturities of investments	-	32,527,670	4,115,098	-	36,642,768
Distributions from investments	-	113,166	-	-	113,166
Deposits of endowment corpus with MUSC Foundation	(3,096,149)	-	-	-	(3,096,149)
Interest on investments	2,437,714	3,841,510	111,505	-	6,390,729
Net cash provided (used) by investing activities	<u>(658,435)</u>	<u>3,760,319</u>	<u>6,450,080</u>	<u>-</u>	<u>9,551,964</u>
Net increase (decrease) in cash and cash equivalents	17,535,312	(3,607,675)	(5,528,717)	-	8,398,920
Cash and cash equivalents at beginning of year	167,360,738	79,925,724	6,004,554	-	253,291,016
Cash and cash equivalents at end of year	<u>\$ 184,896,050</u>	<u>\$ 76,318,049</u>	<u>\$ 475,837</u>	<u>\$ -</u>	<u>\$ 261,689,936</u>

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2013

	The University	University Medical Associates	Nonmajor Enterprise Funds	Interfund Capital Leases Elimination	Total Primary Government
Cash and cash equivalents as reported in the following Statement of Net Assets sections					
Current assets	\$ 127,773,529	\$ 76,318,049	\$ -	\$ -	\$ 204,091,578
Current restricted assets	14,457,511	-	475,837	-	14,933,348
Noncurrent restricted assets	42,665,010	-	-	-	42,665,010
Total cash and cash equivalents	<u>\$ 184,896,050</u>	<u>\$ 76,318,049</u>	<u>\$ 475,837</u>	<u>\$ -</u>	<u>\$ 261,689,936</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (153,811,925)	\$ 64,868,304	\$ (212,339)	\$ (1,220,438)	\$ (90,376,398)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	41,088,321	5,539,851	236,884	-	46,865,056
Provision for bad debts	-	26,851,873	-	-	26,851,873
Rental income, net	-	4,546,635	-	-	4,546,635
Other	-	(36,166)	-	-	(36,166)
Interest income	-	-	(1,331,254)	1,220,438	(110,816)
Interest expense	-	-	1,305,637	-	1,305,637
Changes in assets and liabilities					
Receivables	7,667,255	(30,762,372)	-	-	(23,095,117)
Student loans receivable	1,038,604	-	-	-	1,038,604
Due from other funds	-	(3,424,634)	-	-	(3,424,634)
Due from component units	(7,327,175)	619,770	-	-	(6,707,405)
Prepaid items	46,558	338,225	-	-	384,783
Other assets	-	(292,620)	-	-	(292,620)
Payables and accrued liabilities	1,002,823	2,343,528	-	-	3,346,351
Accrued compensated absences	1,130,505	(519,182)	-	-	611,323
Deferred revenues	(7,003,422)	-	-	-	(7,003,422)
Due to component units	-	2,316,047	-	-	2,316,047
Due to other funds	(1,381,630)	-	-	-	(1,381,630)
Federal loan program liability	126,358	-	-	-	126,358
Other liabilities	(165,113)	249,042	-	-	83,929
Net cash provided (used) by operating activities	<u>\$ (117,588,841)</u>	<u>\$ 72,638,301</u>	<u>\$ (1,072)</u>	<u>\$ -</u>	<u>\$ (44,951,612)</u>
Noncash transactions					
Equipment acquired via capital leases	\$ 143,490	\$ -	\$ -	\$ -	\$ 143,490
Donated equipment	184,005	-	-	-	184,005
Change in fair value of investments	-	3,094,074	-	-	3,094,074
Prorata income from joint ventures	-	279,293	-	-	279,293
Total noncash transactions	<u>\$ 327,495</u>	<u>\$ 3,373,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,700,862</u>

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF NET POSITION
MEDICAL UNIVERSITY HOSPITAL AUTHORITY
 Governmental Discretely Presented Component Unit
 June 30, 2013

ASSETS

Current Assets:

Cash and cash equivalents	\$ 38,260,407
Cash restricted for capital improvements	5,500,000
Patient accounts receivable, net of allowance for uncollectible accounts of \$48,500,000	169,293,014
Due from third-party payors	14,664,395
Due from University Medical Associates	2,315,892
Other current assets	49,795,671
Total current assets	279,829,379
Investments held by trustees under indenture agreements	46,256,860
Capital assets, net	526,690,282
Deferred borrowing costs	4,267,895
Total assets	\$ 857,044,416

DEFERRED OUTFLOWS

Accumulated decrease in fair value of hedging derivatives	2,262,745
Total assets and deferred outflows	\$ 859,307,161

LIABILITIES AND NET POSITION

Current Liabilities:

Current installments of long-term debt	\$ 16,957,139
Accounts payable	45,613,804
Accrued payroll, withholdings and benefits	51,846,839
Due to Medical University of South Carolina	8,251,568
Unearned revenue	5,500,000
Due to third party payors	7,600,138
Other accrued expenses	5,468,663
Total current liabilities	141,238,151

Long-term debt	356,507,128
Fair value of derivative instruments	2,262,745
Other liabilities	3,629,808
Total noncurrent liabilities	362,399,681
Total liabilities	503,637,832

Net Position:

Net investment in capital assets	151,444,230
Restricted under indenture agreements	46,256,860
Unrestricted	157,968,239
Total net position	355,669,329
Total liabilities and net position	\$ 859,307,161

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MEDICAL UNIVERSITY HOSPITAL AUTHORITY
Governmental Discretely Presented Component Unit
For the Year Ended June 30, 2013

Operating revenues:	
Net patient service revenue, net of provision for bad debts of \$104,100,000	\$ 1,078,610,533
Other revenue	<u>14,732,938</u>
Total operating revenues	<u>1,093,343,471</u>
Operating expenses:	
Compensation and employee benefits	462,953,827
Services and supplies	535,802,504
Depreciation and amortization	<u>56,023,602</u>
Total operating expenses	<u>1,054,779,933</u>
Operating income	38,563,538
Nonoperating revenue (expense):	
Investment income	8,415,912
Interest expense	<u>(18,891,574)</u>
Increase in net position	28,087,876
Net position, beginning	<u>327,581,453</u>
Net position, ending	<u>\$ 355,669,329</u>

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF FINANCIAL POSITION
MEDICAL UNIVERSITY OF SOUTH CAROLINA FOUNDATION
Nongovernmental Discretely Presented Component Unit
June 30, 2013

ASSETS	
Cash and cash equivalents	\$ 6,395,182
Receivables:	
Accounts and other receivables	1,020,478
Unconditional promises to give, net	15,244,779
Investments	350,486,301
Funds held in trust by the Foundation	4,606,502
Funds held in trust by others	1,790,056
Income producing property	77,521,783
Property and equipment, net	435,563
Other assets	19,380
Total assets	<u>\$ 457,520,024</u>
 LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ 2,082,470
Accrued interest payable	10,289,090
Annuities payable	4,607,165
Notes payable to primary government	78,343,985
Notes and bonds payable	40,345,618
Interest rate swap	1,309,041
Deferred rent	8,729,743
Unearned income	500,000
Contributions payable to primary government	17,852,400
Total liabilities	<u>164,059,512</u>
Net Assets:	
Unrestricted:	
Undesignated	17,155,294
Designated for primary government programs	21,927,180
Total unrestricted	<u>39,082,474</u>
Temporarily restricted	130,160,657
Permanently restricted	124,217,381
Total net assets	<u>293,460,512</u>
Total liabilities and net assets	<u>\$ 457,520,024</u>

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF ACTIVITIES
MEDICAL UNIVERSITY OF SOUTH CAROLINA FOUNDATION
 Nongovernmental Discretely Presented Component Unit
 For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support				
Contributions, net of gift management fees	\$ 1,255,383	\$ 20,810,787	\$ 8,035,893	\$ 30,102,063
Interest and dividends, net	756,927	2,109,915	-	2,866,842
Net unrealized and realized gains	3,620,567	24,998,571	-	28,619,138
Unrealized gain on interest rate swap	1,185,519	-	-	1,185,519
Special events revenue	-	789,410	-	789,410
Rental income	6,371,076	34,344	24,180	6,429,600
Change in value of split-interest agreements	-	(535,366)	-	(535,366)
Loss on sale of property	(209,082)	-	-	(209,082)
Other income	4,580	1,751,279	1,556,075	3,311,934
	12,984,970	49,958,940	9,616,148	72,560,058
Net assets released from restrictions:				
Transfers	(233,007)	2,057	230,950	-
Payments of recurring management fees	2,277,307	(2,277,307)	-	-
Program restrictions satisfied	19,277,742	(19,277,742)	-	-
Total revenues, gains, and other support	34,307,012	28,405,948	9,847,098	72,560,058
Expenses and losses				
Program expenses	26,472,593	-	-	26,472,593
Supporting services:				
General and administrative	1,459,385	-	-	1,459,385
Fund-raising	2,615,341	-	-	2,615,341
Total expenses	30,547,319	-	-	30,547,319
Changes in net assets	3,759,693	28,405,948	9,847,098	42,012,739
Net assets at beginning of year	35,322,781	101,754,709	114,370,283	251,447,773
Net assets at end of year	\$ 39,082,474	\$ 130,160,657	\$ 124,217,381	\$ 293,460,512

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF FINANCIAL POSITION
MUSC FOUNDATION FOR RESEARCH DEVELOPMENT
Nongovernmental Discretely Presented Component Unit
June 30, 2013

ASSETS

Cash and cash equivalents	\$	836,230
Interest receivable		2,758
Accounts receivable, net		366,954
Due from primary government		150,022
Prepaid expenses		65,482
Investments		307,899
Property and equipment, net		<u>352</u>
Total assets	\$	<u><u>1,729,697</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	115,421
Due to primary government		404,539
Due to University Medical Associates		116,070
Unearned revenue and deposits		<u>95,611</u>
Total liabilities		731,641
Net Assets		
Unrestricted		<u>998,056</u>
Total liabilities and net assets	\$	<u><u>1,729,697</u></u>

The accompanying notes are an integral part of this financial statement.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

STATEMENT OF ACTIVITIES
MUSC FOUNDATION FOR RESEARCH DEVELOPMENT
Nongovernmental Discretely Presented Component Unit
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
State grants and contracts	\$ 1,176,558	\$ -	\$ 1,176,558
License fees and royalties	489,083	-	489,083
Other program services	271,290	-	271,290
Interest and dividend income	11,612	-	11,612
Net unrealized and realized loss on investments	(5,087)	-	(5,087)
Miscellaneous income	11,570	-	11,570
Subtotal	<u>1,955,026</u>	<u>-</u>	<u>1,955,026</u>
Net assets released from restrictions			
Program restrictions satisfied	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,955,026</u>	<u>-</u>	<u>1,955,026</u>
Expenses			
Program services			
Research	122,979	-	122,979
Technology transfer activity	1,225,889	-	1,225,889
Other	96,630	-	96,630
Total program expenses	<u>1,445,498</u>	<u>-</u>	<u>1,445,498</u>
Supporting services			
Management and general	<u>501,644</u>	<u>-</u>	<u>501,644</u>
Total expenses	<u>1,947,142</u>	<u>-</u>	<u>1,947,142</u>
Changes in net assets	7,884	-	7,884
Net assets at beginning of year	<u>990,172</u>	<u>-</u>	<u>990,172</u>
Net assets at end of year	<u>\$ 998,056</u>	<u>\$ -</u>	<u>\$ 998,056</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medical University of South Carolina (the University), established in 1824, is a public institution of higher learning, the purpose of which is to preserve and optimize human life in South Carolina and beyond. The University provides an environment for learning and discovery through education of health care professionals and biomedical scientists, research in the health sciences, and provision of comprehensive health care.

Prior to fiscal year 2013, the University was treated as a part of the primary government of the State of South Carolina, and it and its blended component units were reported in the State's higher education fund and other enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. Effective with fiscal year 2013, the State of South Carolina implemented GASB Statement No. 61, an amendment to GASB Statements No. 14 and No. 34 (which is further discussed below). As a result, beginning with fiscal year 2013, the University and its component units will be presented as a discretely presented component unit in the Comprehensive Annual Financial Report of the State of South Carolina.

Financial Statement Presentation

The financial statements of the University have been prepared in accordance with U.S. generally accepted accounting principles, as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net position, and cash flows, where applicable.

Reporting Entity

The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and further amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Based on the criteria provided by GASB Statement No. 39, the financial statements include the accounts of the University, as the primary government, and the accounts of the following entities as component units.

Effective with fiscal year 2013, the University implemented GASB Statement No. 61, an amendment to GASB Statements No. 14 and No. 34. While this pronouncement did not significantly change the definition of a component unit, it did change the criteria for inclusion as a blended component unit. As applied to the University, the modified criteria for inclusion as a blended component unit require that a blended unit a) have a substantively similar governing board, and either provide a financial benefit or impose a financial burden on the University or be operationally managed by the University; or b) exclusively or almost exclusively benefit the University even though it may not provide services exclusively to the University; or c) rely on University resources to repay the component unit's debt.

The University determined that none of aforementioned modified criteria apply to the University's relationship with the the Medical University Hospital Authority (the Authority). In particular, the University does not have operational responsibility for the Authority and does not receive a financial benefit or incur a financial burden from its relationship with the Authority. Therefore, effective with fiscal year 2013, the University determined that the Authority would no longer be considered a blended component unit of the University; and instead, would be considered a discretely presented component unit of the University. Furthermore, due to the significance of its relationship with the University, the Authority is considered a major discretely presented component unit.

Blended Component Units

The University's blended component units, although legally separate from the University, are so intertwined with it that they are, in substance, the same as the primary entity. University Medical Associates (UMA), Medical University Facilities Corporation (MUFC), and CHS Development Company (CHS) are considered to be governmental entities that conduct business-type activities. Their balances and transactions are blended with those of the University and reported as if they were balances and transactions of the primary entity. UMA is reported as a major fund and MUFC and CHS are reported as nonmajor funds.

Major Blended Fund

University Medical Associates of The Medical University of South Carolina (UMA) was organized as a non-profit corporation under the laws of South Carolina on June 3, 1991 and has received tax-exempt status recognition from the Internal Revenue Service. UMA was established by the Board of Trustees of the Medical University of South Carolina to benefit the programs and further the mission of the University. UMA bills, collects, and administers all clinical income generated by its participating physicians and provides the full-time professional clinical faculty of the University and other health professionals with the development of group practice arrangements. UMA operates as a multi-specialty group practice of medicine and related services in the furtherance of medicine, medical research, and education. UMA is considered a component unit because the University is financially accountable for UMA, has appointment authority

MEDICAL UNIVERSITY OF SOUTH CAROLINA

over a majority of the UMA board, and is able to affect UMA's operations. UMA is a blended component unit because it almost exclusively benefits the University even though UMA does not provide all of its services directly to the University. In addition, the bylaws of UMA provide for all of its assets to be transferred to the University upon its dissolution.

UMA has formed for-profit and nonprofit subsidiaries for the purpose of creating a primary care network by establishing satellite and affiliate offices and contracting with area physicians to provide primary care and other services. Carolina Family Care, Inc. (CFC) and Carolina Primary Care Physicians, P.A. (CPCP) are organized as for-profit corporations under South Carolina law, whereas Carolina Health Management Services (CHMS) is organized as a nonprofit public benefit corporation. Since these companies serve an essentially identical purpose, all financial activities of these companies are blended into the financial statements of UMA. Some of UMA's component units are income taxable under state and federal law. UMA's component units do not issue separate financial statements.

UMA is financially accountable for its component units because UMA is able to impose its will on the organizations, there is a potential for the organizations to provide specific financial benefits to or impose specific financial burdens on UMA, and there is a fiscal dependency by the organizations on UMA. As required by U.S. generally accepted accounting principles, the University's financial statements include UMA and its component units. Copies of the separately issued financial statements of UMA can be obtained by sending a request to the following address: University Medical Associates, 1180 Sam Rittenberg Blvd., Suite 355, Charleston, SC 29407.

Nonmajor Blended Funds

Medical University Facilities Corporation (MUFC) is a nonprofit corporation established in 1992 to obtain the financing for the University to purchase land, an office building, and a parking garage. A majority of the members of the Board of Directors of MUFC are employees of the University or members of the University's Board of Trustees. The agreement between the University and MUFC requires the University to pay all costs incurred by MUFC. MUFC is considered to be a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. MUFC is a blended component unit since it relies on the University's resources to service its debt. MUFC does not issue separate financial statements.

CHS Development Company (CHS) is a nonprofit corporation organized under the laws of South Carolina on August 27, 2002 to develop and lease property for the University. The development of the property furthers the public educational goals of the University by providing necessary classroom, office, and parking space. CHS is considered to be a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. CHS is a blended component unit since it relies on the University's resources to service its debt. CHS does not issue separate financial statements.

Discretely Presented Component Units

As set forth above, based on amended criteria set forth in GASB Statement No. 61, the University determined that, effective with fiscal year 2013, the Medical University Hospital Authority (the Authority) will be reported as a discretely presented component unit of the University. As described above, based on the criteria in GASB Statement No. 39, the University reports the Medical University of South Carolina Foundation (MUSCF) and the MUSC Foundation for Research Development (MFRD) as discretely presented component units in its financial statements.

Major Discretely Presented Unit

The Medical University Hospital Authority (the Authority) was created on June 16, 2000, for the purpose of managing and operating the Medical University Hospitals and Clinics. While the legislation establishing the Authority as a stand-alone healthcare system requires that the members of the University's Board of Trustees also constitute the Board of Trustees of the Authority, the Authority's component unit relationship to the University arises principally because the nature and significance of its relationship with the primary government is such that exclusion would cause the University's financial statements to be misleading or incomplete. The Authority is considered a discretely presented unit because, while it does have the same governing board as the University, it does not provide a significant financial benefit to or impose a financial burden on the University. It is considered a major discretely presented component unit because of the significance of its relationship with the University. Copies of the separately issued financial statements of the Authority can be obtained by sending a request to the following address: Medical University Hospital Authority, Chief Financial Officer, P.O. Box 250332, Charleston, SC 29425.

The MUFC Central Energy Plant, LLC (CEP), a single member LLC disregarded for tax purposes, is a conduit debt issuer established for the benefit of the Authority. As such, CEP is fiscally dependent on the Authority and, as required by applicable GASB principles, is considered a blended component unit of the Authority. The financial activities of CEP are blended into the financial statements of the Authority. CEP does not issue separate financial statements.

Nonmajor Discretely Presented Units

The Medical University of South Carolina Foundation (MUSCF) was incorporated in July 1966 under the laws of South Carolina as an educational, charitable, eleemosynary foundation to promote educational, research, clinical and other facilities and programs of the University. In 2005, MUSCF expanded its purpose by amending its bylaws to promote the same types of programs through the

Authority. MUSCF acts primarily as a fund-raising organization to supplement the resources that are available to the University and the Authority in support of its programs. Although the University does not control the timing or amount of receipts from MUSCF, the majority of resources or income thereon that MUSCF holds and invests is restricted by the donors for support of the activities of the University.

The MUSCF reporting entity includes the Parking Garage Associates, LLC, (PGA), 135 Cannon Street, LLC, and 55 Bee Street, LLC, all of which are single member limited liability companies and wholly-owned subsidiaries of MUSCF. PGA owns and leases a parking garage to the University. 135 Cannon Street, LLC owns and leases an office building and parking lot to the University. 55 Bee Street, LLC owns and leases an office building to the University.

Because the restricted resources held by MUSCF can only be used by, or for the benefit of the University or the Authority, and because if MUSCF is dissolved, its assets shall be transferred to the University, MUSCF is considered a component unit of the University and is discretely presented in the University's financial statements. Copies of the separately issued financial statements of the MUSCF can be obtained by sending a request to the following address: MUSC Foundation, 18 Bee Street, P.O. Box 250450, Charleston, SC 29425-4500.

MUSC Foundation for Research Development (MFRD) was incorporated in March 1995 as a direct support organization for the University. The mission of MFRD is to support the educational, research, and health care mission of the University by fostering creativity and innovation. Additionally, MFRD is charged with providing the mechanisms by which the University's scientific discoveries, inventions and processes may be developed, applied, or patented, and the means by which funds generated by such discoveries or patents can be used to stimulate and promote further investigation and research at the University.

Based on its close relationship with the University, MFRD is deemed to be financially integrated with the University; therefore, MFRD is reported as a discretely presented component unit of the University. Copies of the separately issued financial statements of MFRD can be obtained by ending a request to the following address: MUSC Foundation for Research Development, MSC 828, 19 Hagood Avenue, Suite 909, Charleston, SC 29425.

Basis of Accounting

For financial reporting purposes, the University, along with its governmental component units, is considered a special purpose government engaged only in business-type activities. Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Student tuition is presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly to recipients are presented as scholarship and fellowship expenses. All significant intrafund transactions and balances have been eliminated.

The University and its governmental component units (the Authority, UMA, MUFC and CHS) apply all applicable GASB pronouncements and, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, have elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 which do not conflict with GASB standards.

The Medical University of South Carolina Foundation and MUSC Foundation for Research Development are private nonprofit organizations that report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications for these differences have been made to the financial information for MUSCF and MFRD in the University's financial reporting entity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the University and its governmental component units generally consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. However, guaranteed investment contracts held by the nonmajor funds are classified as short-term investments. Funds invested through the State's internal cash management pool administered by the State Treasurer's Office are considered cash equivalents because the pool operates as a demand deposit account.

Investments and Investment Income

Investments are carried at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investment income or loss from investment (including realized and unrealized gains and losses on investments and interest) is reported as nonoperating revenue.

Receivables

The University's receivables consist primarily of tuition and fee charges to students and amounts due from government and private sources in connection with reimbursement of allowable expenses under grants and contracts.

Pursuant to an amendment to the South Carolina Medicaid Plan, approved by the US Department of Health and Human Services on September 20, 2002 to be effective retroactive to October 1, 2001, the University receives certain supplemental Medicaid payments for inherent inefficiencies of providing care to Medicaid patients while instructing medical students. As of June 30, 2013, the University has recorded a net receivable from Medicaid of \$17,203,121.

UMA grant credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Bad debt and contractual allowances for loans receivable and various accounts receivable, including patient accounts receivable, for the University and UMA are established based upon losses and adjustments experienced in prior years and evaluations of the current account portfolios.

Prepaid Items

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, prepaid items consist primarily of insurance premiums, subscriptions, maintenance contracts, and deposits on equipment not yet received. UMA's prepaid items consist of prepaid rent and an other postemployment benefit (OPEB) asset (see Note 7) .

Capital Assets

Capital assets are recorded at cost at the date of acquisition or, if received as a gift, at fair market value at the date of donation. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years, and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. The University and UMA capitalize, as a component of construction in progress, interest cost in excess of earnings on debt associated with the capital projects. Interest amounts capitalized in fiscal year 2013 were \$481,361 for the University and \$62,355 for UMA. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 50 years for buildings, building services, and land improvements, and 3 to 20 years for machinery, equipment, vehicles, and software.

Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability is recorded as accrued compensated absences in the Statement of Net Position (see Note 11) and the related expense is a component of compensation and employee benefits expense in the Statement of Revenues, Expenses and Changes in Net Position.

Deferred Revenues

Deferred revenues include net tuition and fees received prior to the end of the fiscal year which relate to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Derivative Instruments

The University and its blended units account for its derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The University and its blended units classify derivative instruments into hedging derivative instruments and investment derivative instruments. If a derivative is classified as a hedging derivative instrument, changes in its fair value are deferred on the Statement of Net Position as either deferred inflows or deferred outflows. If the derivative is classified as an investment derivative instrument, changes in its fair value are reported in investment income on the Statement of Revenues, Expenses and Changes in Net Position in the period in which the changes occur. The University and its blended units formally assess the effectiveness of hedging derivative instruments at each year-end.

Net Position

The net position of the University and the governmental component units is classified as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt incurred to acquire or construct the assets. To the extent debt has been incurred but not yet expended for capital assets, it is not included as a component of the net investment in capital assets.

Restricted net position – nonexpendable - Nonexpendable restricted net position consists of endowment funds which donors or other outside sources have stipulated, as a condition of the gift instrument, must be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net position – expendable - Restricted expendable net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted net position - Unrestricted net position represents resources that are not subject to externally imposed restrictions and may be used to meet current expenses for any purpose. These resources also include those of auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred for a purpose for which both restricted and unrestricted resources are available, the University policy is to first apply the restricted resources then the unrestricted resources.

Classification of Revenues and Expenses

The University and the governmental component units have classified revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the University include: (1) tuition and fees received in exchange for providing educational services to students; (2) grants and contracts that are essentially the same as contracts for services and that finance programs the University would not otherwise undertake; and (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University. Operating expenses primarily consist of payments of compensation and employee benefits and purchases of services and supplies.

Transactions deemed by UMA to be related to its clinical services' offerings or to the use of its facilities and personnel for educational purposes are reported as operating revenues and operating expenses. Peripheral or incidental transactions are reported as nonoperating revenues and expenses. The principal operating revenues of UMA are patient services revenues.

MUFC and CHS report interest income and interest expense as operating revenue and expense because investing and financing constitute their principal ongoing operations.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, contributions and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes, State appropriations, investment income (except for MUFC and CHS), and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34. The principal nonoperating expenses are interest (except for MUFC and CHS), refunds to grantors, transfers to other State funds and gifts made.

Scholarship Allowances

Student tuition and fee revenues are recorded net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the University and the amount that is paid by the student and/or third parties making payments on behalf of the student.

Net Patient Service Revenue

UMA has agreements with third party payors including Medicare and Medicaid that provide for reimbursement at amounts different from established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors, and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. UMA is reimbursed by its major insurers (Medicare, Medicaid, Blue Cross, etc.) based upon a fee schedule it has developed for physician services. These insurers audit UMA's claims at various times during the year.

Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from seminar fees, clinic services, pharmacy sales, and sales of other services. This category includes supplemental Medicaid payments received as reimbursement to providers associated with teaching hospitals and clinics.

Interfund Transfers and Balances

Transfers of funds between blended component units are accounted for as Interfund Transfers. The principal purpose of Interfund Transfers is to support the academic department activities of the University.

Transfers of funds to entities external to the Primary Government are presented as Transfers to Other State Funds.

Amounts owed to (by) the Primary Government by (to) discretely presented component units are presented as Due From (To) Component Unit(s). Activities between blended component units that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are presented as Interfund Receivables and Interfund Payables. All other outstanding balances between blended component units, which are primarily related to services provided or used, are presented as Due to/from Other Funds.

Charity Care

UMA provides care to patients who meet certain criteria under charity care policies without charge or at amounts less than established rates. Since management does not expect payment for charity care, the estimated charges are excluded from revenue.

Income Taxes

The University and the Authority, as political subdivisions of the State of South Carolina, are exempt from federal income taxes. The income of the University is exempt under Section 115(1) of the Internal Revenue Code, as amended. The Authority is also recognized as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income tax under Section 501(a) of the Internal Revenue Code.

UMA, MUFC, MUSCF, and MFRD are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income under Code Section 501(a). However, UMA does have two for-profit subsidiaries and a nonprofit subsidiary which are all subject to federal income tax.

CHS has previously been recognized as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in 501(c)(3). CHS's exempt status was revoked effective November 15, 2012 for failure to file Form 990-N for three years. Management believes that the Internal Revenue Service will approve its application for re-establishment of CHS's exempt status retroactive back to the date of the revocation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

New Accounting Pronouncements

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, was issued in November 2010. This new accounting pronouncement modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement requires the financial benefit or burden criteria be met for those entities that were previously included by meeting the fiscal dependency criteria. In addition, for organizations that do not meet the financial accountability criteria for inclusion as component units but should be included because the primary government's management has determined that it would be misleading to exclude them, the Statement clarifies the manner in which that determination should be made and the types of relationships to be considered. Further the Statement clarifies when component units should be blended or presented discretely. As discussed above, the University implemented the requirements of GASB Statement No. 61 for the fiscal year ended June 30, 2013.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued in March 2012. This new pronouncement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. This statement will be effective for the University in fiscal year 2014.

GASB Statement No. 68, *Accounting and Reporting for Pension Plans*, was issued in June 2012. The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees - both active employees and inactive employees - are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. Another aspect of that objective is to provide users with information about the government's pension obligations and the assets available to satisfy those obligations. This statement will be effective for the University in fiscal year 2015.

The University is in the process of evaluating the impact of GASB Statements No. 65 and 68.

2. DEPOSITS AND INVESTMENTS

The following schedule reconciles deposits and investments within the Notes to the Statement of Net Position amounts:

	The University	UMA	---- Nonmajor Enterprise Funds ----	
			MUFC	CHS
Statement of Net Position:				
Current assets				
Cash and cash equivalents	\$ 127,773,529	\$ 76,318,049	\$ -	\$ -
Investments	-	64,674,568	-	-
Restricted assets				
Cash and cash equivalents	14,457,511	-	-	475,837
Investments	-	-	316,168	698,054
Noncurrent assets				
Investments	-	9,996,800	-	-
Restricted assets				
Cash and cash equivalents	42,665,010	-	-	-
Investments	-	-	213,000	-
Total Statement of Net Position	<u>\$ 184,896,050</u>	<u>\$ 150,989,417</u>	<u>\$ 529,168</u>	<u>\$ 1,173,891</u>
Disclosure, Deposits and Investments plus reconciling items:				
Carrying value of deposits				
Held by State Treasurer	\$ 184,833,120	\$ -	\$ -	\$ -
Other	-	40,198,991	-	34,448
Investments, reported amount				
Unrestricted	-	110,754,004	-	-
Restricted	-	-	529,168	1,139,443
Cash on hand	62,930	36,422	-	-
Total Notes plus reconciling items	<u>\$ 184,896,050</u>	<u>\$ 150,989,417</u>	<u>\$ 529,168</u>	<u>\$ 1,173,891</u>

Deposits Held by State Treasurer

All deposits of the University are under the control of the South Carolina State Treasurer, who by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values, and various risks of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

Other Deposits

UMA and its blended component units maintain their cash accounts in commercial banks. Accounts are guaranteed by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for both demand and time deposits per depositor. At June 30, 2013, the carrying amount of deposits was \$40,198,991. Bank balances before reconciling items were \$40,653,694. Of these unrestricted bank balances, \$1,513,895 was insured by the FDIC and the remainder was uninsured and uncollateralized.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Investments

As of June 30, 2013, the investment balances were as follows:

<u>Investment</u>	<u>Carrying Value</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Credit Rating</u>
University Medical Associates				
Certificates of deposit	\$ 200,000	06/10/2014	0.40%	N/A
Fixed income securities:				
U.S. Government Agency issues	8,139,701	03/19/2032	5.61% - 11.50%	N/A
U.S. Government Agency CMO's	1,385,526	10/25/2034	6.50 - 9.50%	N/A
Auction rate debt securities:				
Merrill Lynch Bonds	9,996,800	12/29/2049	0.74%	A3/A-
Commercial paper	34,990,545	07/01/2013 - 02/12/2014	0.23% - 0.46%	A1- P1, A2/P2
Corporate bonds	23,732,700	08/01/2013 - 02/02/2037	0.50 - 5.70%	A-, AA
Money market funds:				
Wells Fargo Bank Institutional	6,088,341	average 39 days	0.20%	N/A
Mutual Funds:				
Bond funds - domestic	61,820	N/A	1.5%	N/A
Equity funds - domestic	19,997,625	N/A	1.6%	N/A
Equity funds - foreign	6,160,946	N/A	2.9%	N/A
Total UMA investments	<u>110,754,004</u>			
<u>Nonmajor Enterprise Funds</u>				
Medical University Facilities Corporation				
Berkshire Hathaway GIC	\$ 316,168	open-ended	5.78%	N/A
Berkshire Hathaway GIC	<u>213,000</u>	open-ended	6.20%	N/A
Total MUFC investments	<u>\$ 529,168</u>			
CHS Development Company				
Federal Home Loan Bank discount notes	\$ 698,054	12/10/2013	4.56%	AA+
Money market funds:				
TD Asset Management U.S. Government Institutional	<u>441,389</u>	average 36 days	0.01%	AAAm
Total CHS investments	<u>\$ 1,139,443</u>			

Custodial Credit Risk

Custodial credit risk is the risk that the investor will not be able to recover the value of its investments that are in the possession of its safekeeping custodian.

To minimize this risk, UMA's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. All investments are held in UMA's name by a safekeeping agent that is independent of all counterparties. UMA does not have a policy related to insurance or collateralization of deposits.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations.

UMA has structured its cash resources in order to ensure preservation of principal and maximize investment returns subject to cash flow requirements and manage credit risk within its portfolio. UMA has adopted two investment policies depending on whether the funds are invested on a self-directed or professionally managed basis. The self-directed investment policy approved by the UMA Board of Directors allows investment in money market mutual funds, U.S. Treasury and Agency obligations, obligations of U.S. or foreign banks rated A1/P1 by Standard & Poors (S&P) or Moody's Investor Services (Moody's), repurchase agreements with major banks collateralized by U.S. Treasury obligations, Eurodollar time deposits rated A or higher, commercial paper rated A2/P2/F2 or higher, and other corporate obligations including bonds and medium term notes rated A+ or A1 or higher.

CHS Development Company has no investment policy that limits its investment choices other than the limitations imposed by the Indenture of Trust related to the SC Jobs-Economic Development Authority Economic Development Refunding Revenue Bonds which limits investments to "Investment Obligations" meeting certain requirements as defined in the indenture.

Concentration of Credit Risk

An increased risk of loss occurs as more investments are acquired from one issuer.

UMA's professionally managed portfolio includes both equity and fixed income investments. Fixed income investments comprise 40%, while equities comprise 60% of the total. Allowable fixed income investments include obligations issued or guaranteed by the US government, mortgage backed securities including GNMA, FNMA and FHLMC, asset backed securities, corporate debt securities, taxable municipal securities, and short-term obligations including commercial paper. The policy allows investment in instruments with maturity from one to two and a half years with the average credit quality to be no lower than AA/Aa by S&P and Moody's. No more than five percent may be invested in a single issuer except for the U.S. Government and its agencies and no more than ten percent of the total may be invested in securities under Rule 144A of the Securities and Exchange Commission. Both of these limits may be exceeded with the approval of the Executive Committee of the Board of Trustees of UMA. As of June 30, 2013, UMA has no investments in securities of a single issuer other than the U. S. Government that comprise more than 5% and no investments that comprise more than 10% of its total unrestricted portfolio.

The equity portion of UMA's professionally managed investment policy provides for domestic and international equities and real estate funds with all having diversification among issuers, class of issuers and industrial sectors. UMA's policy is to limit investment in any one equity issuer to five percent and investment in a particular market segment to twenty percent of the total portfolio balance.

CHS places no limit on the amount it may invest in any one issuer.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value.

UMA, in accordance with its self-directed investment policy, manages its exposure to interest rate risk by limiting the maturities of investments to no longer than 60 months for any individual security and no longer than 18 months average for the entire portfolio. As June 30, 2013, investments subject to this policy were the certificates of deposit, corporate and auction rate securities, commercial paper, and money market funds.

CHS has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments in Partnerships

UMA accounts for investments in partnerships either by the cost or equity method. If UMA is a 20 percent or more owner and is able to exercise significant influence over the partnership, then UMA records the investment under the equity method, whereby UMA's percentage of the net profit or loss increases or decreases the carrying value of the investment and this gain or loss is reported in the Statement of Revenues, Expenses and Changes in Net Position. If UMA owns less than 20 percent or does not possess the ability to exercise control over operations, then the investment is recorded at cost.

On May 8, 1998, Carolina Primary Care Physicians, P.A. (CPCP), a blended component unit of UMA, entered into a joint venture with several physicians and medical practices by purchasing a 35 percent interest in Lowcountry Medical Group of Beaufort County, LLC (LCMG). During the fiscal year ended June 30, 2000, the members of LCMG invested in Lowcountry Real Property, LLC (LCRP), which reflected the same proportionate ownership as LCMG and holds title to all real estate occupied by LCMG. During the year ended June 30, 2010, there was a reallocation of partnership interests from a withdrawing partner bringing CPCP's total interest in the capital of LCRP to 43.35 percent. The operating agreements of LCMG and LCRP state that all powers to control normal operations are exercised exclusively by the managers except for veto authority over certain transactions affecting the acquisition and disposition of significant assets or changes to the members of each partnership. CPCP is prohibited from serving as a manager, but no other party has a controlling interest. These two joint ventures are accounted for using the equity method.

On February 10, 2004, UMA entered into a partnership, reflecting an effective date of August 5, 2003, with Georgetown Hospital System to form Georgetown Radiation Therapy Center, L.L.C. (GRTC) to provide radiation therapy for patients of Georgetown County, South Carolina. UMA received a one percent equity interest for a contribution of \$1,000. Pursuant to a licensing agreement, in exchange for GRTC's use of UMA's intellectual property, UMA has been entitled to receive an additional one percent equity interest in GRTC for each \$100,000 of cumulative net income the entity produces up to a maximum of ten percent. In prior years, UMA received an additional nine percent interest in the partnership as a result of increases in accumulated earnings bringing the total interest in GRTC to the maximum ten percent. UMA appointed its CEO as the one representative to the three-member Executive Committee which makes all management decisions regarding the operations of the entity. This investment is reported on the cost method with all distributions being reported as investment income.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

The following schedule reflects the changes in the carrying value of UMA's joint venture and partnership investments:

	LCMG	LCRP	GRTC	Total
UMA's carrying value at June 30, 2012	\$ 1,743,233	\$ 526,053	\$ 1,000	\$ 2,270,286
Capital contribution made in fiscal year 2013	-	40,170	-	40,170
UMA's share of partnership income (loss) for fiscal year 2013	243,257	36,036	-	279,293
Partnership distributions to UMA in fiscal year 2013	(153,336)	-	-	(153,336)
UMA's carrying value at June 30, 2013	<u>\$ 1,833,154</u>	<u>\$ 602,259</u>	<u>\$ 1,000</u>	<u>\$ 2,436,413</u>

3. RECEIVABLES

Receivables at June 30, 2013, including applicable allowances, were as follows:

	The University	UMA	Nonmajor Enterprise Funds	
			MUFC	CHS
Student accounts	\$ 775,911	\$ -	\$ -	\$ -
Patient accounts	-	140,197,735	-	-
Less allowances for:				
Contractual adjustments	-	(74,766,830)	-	-
Uncollectibles	-	(28,310,642)	-	-
Federal grants and contracts	16,561,180	-	-	-
State grants and contracts	16,840	-	-	-
Nongovernmental grants and contracts	4,625,988	-	-	-
Interest	573,673	-	7,347	1,697
Medicaid supplemental reimbursement, net	17,203,121	-	-	-
Research Infrastructure Bond proceeds	141,695	-	-	-
State capital appropriation	7,443,213	-	-	-
Medical resident FICA refund	3,944,041	-	-	-
Other	7,491,511	1,221,423	-	-
Receivables, net	<u>58,777,173</u>	<u>\$ 38,341,686</u>	<u>\$ 7,347</u>	<u>\$ 1,697</u>

4. RESTRICTED ASSETS

The purposes and amounts of restricted assets at June 30, 2013 were as follows:

Asset/Restricted for	The University	UMA	-- Nonmajor Enterprise Funds --	
			MUFC	CHS
Current:				
Cash and cash equivalents:				
Debt service	\$ 968,253	\$ -	\$ -	\$ 475,837
Research & education	13,489,258	-	-	-
Total cash and cash equivalents	<u>\$ 14,457,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,837</u>
Investments:				
Debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,168</u>	<u>\$ 698,054</u>
Due from component units				
Earnings on endowments	<u>\$ 10,233,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interfund receivables:				
Debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,508</u>	<u>\$ 1,152,334</u>
Student loans receivable:				
Student loan programs	<u>\$ 1,417,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Noncurrent:				
Cash and cash equivalents:				
Capital projects	\$ 37,843,992	\$ -	\$ -	\$ -
Student loan programs	4,051,954	-	-	-
Endowments	769,064	-	-	-
Total cash and cash equivalents	<u>\$ 42,665,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments				
Debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,000</u>	<u>\$ -</u>
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,000</u>	<u>\$ -</u>
Due from component units				
Endowments	<u>\$ 78,343,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interfund receivables:				
Debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,574,676</u>	<u>\$ 15,988,280</u>
Student loans receivable:				
Student loan programs	<u>\$ 11,180,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MEDICAL UNIVERSITY OF SOUTH CAROLINA

5. CAPITAL ASSETS

University and Blended Component Units

Capital asset activity for the year ended June 30, 2013 for the University and its blended component units was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<u>The University</u>				
Capital assets not being depreciated				
Land	\$ 11,646,316	\$ -	\$ -	\$ 11,646,316
Construction in progress	19,772,238	18,449,306	(7,969,364)	30,252,180
Total capital assets not being depreciated	<u>31,418,554</u>	<u>18,449,306</u>	<u>(7,969,364)</u>	<u>41,898,496</u>
Other capital assets				
Depreciable land improvements	12,849,331	-	-	12,849,331
Buildings and improvements	700,736,731	8,051,357	(50,030)	708,738,058
Machinery and equipment	161,873,703	6,493,079	(7,734,513)	160,632,269
Vehicles	3,326,295	96,414	-	3,422,709
Total other capital assets at historical cost	<u>878,786,060</u>	<u>14,640,850</u>	<u>(7,784,543)</u>	<u>885,642,367</u>
Less accumulated depreciation for				
Depreciable land improvements	(6,192,156)	(517,224)	-	(6,709,380)
Buildings and improvements	(247,240,903)	(27,342,244)	50,030	(274,533,117)
Machinery and equipment	(83,589,934)	(13,115,471)	5,868,795	(90,836,610)
Vehicles	(2,909,043)	(113,382)	-	(3,022,425)
Total accumulated depreciation	<u>(339,932,036)</u>	<u>(41,088,321)</u>	<u>5,918,825</u>	<u>(375,101,532)</u>
Other capital assets, net	<u>538,854,024</u>	<u>(26,447,471)</u>	<u>(1,865,718)</u>	<u>510,540,835</u>
University capital assets, net	<u>570,272,578</u>	<u>(7,998,165)</u>	<u>(9,835,082)</u>	<u>552,439,331</u>
<u>University Medical Associates</u>				
Capital assets not being depreciated				
Land	10,722,059	37,239	-	10,759,298
Construction in progress	26,056,319	3,239,615	(26,253,851)	3,042,083
Total capital assets not being depreciated	<u>36,778,378</u>	<u>3,276,854</u>	<u>(26,253,851)</u>	<u>13,801,381</u>
Other capital assets				
Buildings and improvements	64,593,157	22,028,811	(39,151)	86,582,817
Machinery and equipment	14,187,053	6,080,468	(6,263,465)	14,004,056
Intangible assets	6,985,672	189,092	(10,060)	7,164,704
Total other capital assets at historical cost	<u>85,765,882</u>	<u>28,298,371</u>	<u>(6,312,676)</u>	<u>107,751,577</u>
Less accumulated depreciation for				
Buildings and improvements	(31,944,845)	(3,205,316)	32,709	(35,117,452)
Machinery and equipment	(9,031,033)	(2,184,364)	5,660,957	(5,554,440)
Intangible assets	(1,793,024)	(1,146,336)	10,060	(2,929,300)
Total accumulated depreciation	<u>(42,768,902)</u>	<u>(6,536,016)</u>	<u>5,703,726</u>	<u>(43,601,192)</u>
Other capital assets, net	<u>42,996,980</u>	<u>21,762,355</u>	<u>(608,950)</u>	<u>64,150,385</u>
UMA capital assets, net	<u>79,775,358</u>	<u>25,039,209</u>	<u>(26,862,801)</u>	<u>77,951,766</u>
Grand Total	<u>\$ 650,047,936</u>	<u>\$ 17,041,044</u>	<u>\$ (36,697,883)</u>	<u>\$ 630,391,097</u>

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Major Discretely Presented Component Unit

Capital asset activity for the year ended June 30, 2013 for the Authority was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<u>Medical University Hospital Authority</u>				
Capital assets not being depreciated				
Land	\$ 6,092,725	\$ -	\$ -	\$ 6,092,725
Assets not in service	15,949,608	7,184,380	(3,276,957)	19,857,031
Construction in progress	13,219,906	46,427,873	(16,388,215)	43,259,564
Total capital assets not being depreciated	<u>35,262,239</u>	<u>53,612,253</u>	<u>(19,665,172)</u>	<u>69,209,320</u>
Other capital assets				
Buildings, improvements & fixed equipment	642,185,793	15,634,104	-	657,819,897
Machinery and equipment	271,357,606	15,844,044	(15,819,783)	271,381,867
Software	20,481,244	1,225,262	-	21,706,506
Vehicles	3,391,889	22,857	-	3,414,746
Total other capital assets at historical cost	<u>937,416,532</u>	<u>32,726,267</u>	<u>(15,819,783)</u>	<u>954,323,016</u>
Less accumulated depreciation for				
Buildings, improvements & fixed equipment	(251,575,908)	(29,391,598)	-	(280,967,506)
Machinery and equipment	(187,573,162)	(27,341,177)	13,991,823	(200,922,516)
Software	(8,726,558)	(3,072,113)	-	(11,798,671)
Vehicles	(2,887,496)	(265,865)	-	(3,153,361)
Total accumulated depreciation	<u>(450,763,124)</u>	<u>(60,070,753)</u>	<u>13,991,823</u>	<u>(496,842,054)</u>
Other capital assets, net	<u>486,653,408</u>	<u>(27,344,486)</u>	<u>(1,827,960)</u>	<u>457,480,962</u>
Authority capital assets, net	<u>\$ 521,915,647</u>	<u>\$ 26,267,767</u>	<u>\$ (21,493,132)</u>	<u>\$ 526,690,282</u>

6. PENSION PLANS

The Public Employee Benefit Authority (PEBA), Retirement Division, a division of the State Budget and Control Board, maintains five independent defined benefit plans and one defined contribution plan. It issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina, 29223. The Division and the five pension plans are included in the CAFR of the State of South Carolina. Three of the five pension plans are available to the employees of the University.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of the University are enrolled in the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the South Carolina Retirement Systems, a public employee retirement system. Generally, all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, survivor, and incidental death life insurance benefits to eligible employees and retirees.

The employee contribution rates for the fiscal years ending June 30, 2013, 2012, and 2011 were 7.00 percent, 6.50 percent, and 6.50 percent, respectively. Including a surcharge to fund retiree health and dental insurance coverage, the employer contribution rates for fiscal years ending June 30, 2013, 2012, and 2011 were 15.00 percent, 13.685 percent, and 13.14 percent, respectively. The University's actual contributions to the SCRS for the fiscal years ending June 30, 2013, 2012, and 2011 were approximately \$11,867,000, \$10,439,000, and \$9,992,000, respectively, and equaled the required contributions (excluding the surcharge) of 10.45 percent for fiscal year 2013, 9.385 percent for fiscal year 2012, and 9.24 percent for fiscal year 2011. The surcharge equaled 4.55 percent for fiscal year 2013, 4.30 percent for fiscal year 2012 and 3.90 percent for fiscal year 2011.

The University has no other liability under the SCRS retirement plan other than to make the required contributions, which have been fully paid as of June 30, 2013.

The University paid employer group-life insurance contributions of approximately \$170,000 in the fiscal year 2013 at the rate of 0.15 percent of compensation.

Police Officers Retirement System

The Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the South Carolina Retirement Systems. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability, cost of living adjustment, survivor, and incidental death life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firefighters killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

The employee contribution rates for the fiscal years ending June 30, 2013, 2012, and 2011 were 7.00 percent, 6.50 percent, and 6.50 percent, respectively. The employer contribution rates for fiscal years ending June 30, 2013, 2012, and 2011 were 16.45 percent, 15.663 percent, and 15.03 percent, respectively. The University's actual contributions to the PORS for the fiscal years ending June 30, 2013, 2012, and 2011 were approximately \$355,000, \$331,000, and \$328,000, respectively, and equaled the required contributions (excluding the surcharge) of 11.90 percent for fiscal year 2013, 11.363 percent for fiscal year 2012 and 11.13 percent for fiscal year 2011. The surcharge equaled 4.55 percent for fiscal year 2013, 4.30 percent for fiscal year 2012 and 3.90 percent for fiscal year 2011.

Also, the University paid employer group-life insurance contributions of \$5,959 and accidental death insurance contributions of \$5,959 in fiscal year 2013 for PORS participants. The rate for each of these insurance benefits is 0.20 percent of compensation.

Optional Retirement Program

Employees eligible to participate in the SCRS may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. ORP participants are also eligible for incidental death life insurance benefits. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is available to all employees of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. Employees must select ORP participation within thirty days of employment or accepting a position that requires participation. Employees may irrevocably change to the SCRS traditional plan during the designated open enrollment period (January 1 - March 1) if they hold between one and five years of State ORP participation as of March 1 of the enrollment period. Under State law, employee contributions to the ORP are required at the same rates as for the SCRS.

Some of the University's employees have elected to be covered under the ORP. For fiscal year 2013, total contribution requirements to the ORP were approximately \$12,710,000 (excluding the surcharge) from the University as employer and \$8,514,000 from its employees as plan members. In addition, the University paid employer group-life insurance contributions of approximately \$182,000 in the fiscal year 2013. Employee contributions of 7.0 percent and 5.0 percent of the employer contribution were remitted directly to the respective annuity policy providers. The balance of the employer portion was remitted to the Retirement Division of the State Budget and Control Board. The obligation for payment of benefits resides with the annuity policy providers.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows active members of the South Carolina Retirement Systems (SCRS plan only) who are eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI Program participants are considered retirees and begin accumulating retirement benefits on a deferred basis without terminating employment for a program period at least one month, but no longer than five years. The length of the program period must be specified by the employee prior to retirement. At the beginning of the program, participants may receive service credit for up to 90 days of unused sick leave. Participants who entered the program prior to June 30, 2005 are entitled to be paid for up to 45 days of accumulated unused annual vacation leave upon retirement and again at the end of the program period for annual vacation leave earned during the program period. Participants entering the program after June 30, 2005 maintain their current annual leave balance and are entitled to be paid for up to 45 days of accumulated unused annual vacation leave upon ending participation in the TERI Program. The TERI Program will close on June 30, 2018. Eligible employees can still choose to participate in the TERI Program until June 1, 2018. The University recorded expenses of \$216,986 for lump-sum vacation leave payments to its employees retiring under the TERI Program in fiscal year 2013.

University Medical Associates

University Medical Associates maintains a defined contribution pension plan covering all employees. The plan provides for contributions by UMA in such amounts as the Board of Directors may annually determine. The plan prohibits participant contributions except for rollovers from other qualified retirement plans. Current year contributions are based upon a three-tier percentage determined by the participant's compensation as follows: (a) eleven percent of compensation up to \$40,000, (b) fourteen percent of compensation from \$40,001 to \$80,000, and (c) twenty-five percent of compensation from \$80,001 to \$244,000. The maximum annual contribution per participant was \$50,000 for fiscal year 2013. Participants become fully vested in their accounts after five years of credited service. Contributions to this plan totaled \$27,319,864 in fiscal year 2013. Copies of the separately issued financial statements of the plan are available from the management of UMA.

UMA employees may also participate in an IRC Section 403(b) plan sponsored by UMA for which no employer contributions are made. The participants are fully vested in their contributions to the 403(b) plan at all times.

7. POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

The State of South Carolina provides certain health care, dental, vision, life insurance, long-term disability, and flexible spending benefits to certain active State employees. All permanent full-time and certain permanent part-time employees of the University are eligible to receive these benefits. The University recorded expense of \$22,158,701 for the year ended June 30, 2013 for these insurance benefits for active employees.

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health, dental, and vision benefits to retired State and school district employees and their covered dependents. The University contributes to the Retiree Medical Plan (RMP) administered by the Public Employee Benefit Authority (PEBA), Insurance Benefits Division, a part of the State Budget and Control Board (SBCB). To be eligible for retiree insurance, the last five years of service must be consecutive in a permanent benefits-eligible position working at least 20 hours weekly. Retirees who were hired before May 2, 2008 are eligible for the funded health, dental, and vision benefits if they are least age 60 and have established at least ten years of retirement service credit and meet any one of the criteria for retirement. Retirees who have between five and ten years of retirement service are eligible for non-funded insurance benefits. Retired employees who were hired on or after May 2, 2008 who retire with 25 or more years of retirement service credit will pay only the retiree's share. Retirees who have between fifteen (15) and twenty-five (25) service years will pay 50% of the employer's share of the premium in addition to the retiree premium. Retired employees who were hired on or after May 2, 2008 who retire with between five (5) and fifteen (15) service years will pay the entire employer's share of the premium in addition to the retiree premium.

Sections 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, require these postemployment healthcare, dental, and vision benefits be funded through annual appropriations by the General Assembly for active employees to the PEBA and participating retirees to the SBCB, except the portion funded through the pension surcharge and provided from other applicable sources of the PEBA for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget which equaled 4.55 percent, 4.30 percent, and 3.90 percent of annual covered payroll for fiscal years 2013, 2012, and 2011, respectively. The PEBA sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately \$10,837,000, \$9,983,000, and \$8,746,000 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years 2013, 2012, and 2011, respectively. Basic long-term disability benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to PEBA was \$3.22 for the fiscal years 2013, 2012 and 2011.

As the provider of postemployment benefits to State retirees, the State is responsible for implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Effective May 1, 2009, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated PEBA reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

Complete financial statements for the State benefit plans and the trust funds may be obtained from the Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

University Medical Associates

UMA and its component units provide employee life and disability benefits through commercial insurance companies and have established an employee benefit plan to self-insure employees for health, accident, and dental expenses. UMA records an estimated liability for incurred but not reported claims based on estimates of the ultimate cost of reported claims using the gross method. The estimated claims liability at June 30, 2013 was \$1,251,000 amount is included in "Payables and accrued liabilities" on the Statement of Net Position.

UMA sponsors the Retiree Benefit Plan for Employees of University Medical Associates, a single-employer defined benefit healthcare plan. The plan provides provide continuation of medical, dental and prescription drug benefits for certain retirees and their dependents through an irrevocable trust agreement adopted by the UMA Board with an effective date of June 26, 2008. The trust meets the definition of a qualifying trust as defined in GASB Statement No. 45. Eligible employees are those reaching age 62 with 15 years of service. This coverage is considered primary until age 65 or until the employee is covered under Medicare, at which time it becomes the secondary payer. The plan may be amended by future actions of the UMA Board of Directors. The plan, which has a June 30 year-end, issued a separate stand-alone financial report as of June 30, 2012.

The obligations of plan members and UMA are established each year by action of the UMA Board pursuant to changes in the healthcare environment to ensure its self-insured healthcare plan remains viable. Retirees are required to pay monthly premiums as approved by the UMA Board depending on the selected level of coverage. UMA's required contribution for the Retiree Benefit Plan is

MEDICAL UNIVERSITY OF SOUTH CAROLINA

due to the implicit rate subsidy for retirees who pay the same premiums as active employees and is determined by an actuarial review of the plan provisions and participants. UMA decided to fully fund the actuarial accrued liability as of June 30, 2008 which is being amortized to expense over a 30 year period, and will fund the remaining actuarial accrued liability based upon the annual required contribution using an annual charge of \$429 per covered employee. All costs of administering the plan are paid by UMA.

UMA's annual OPEB cost (expense) is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of UMA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in UMA's net OPEB obligation:

Annual OPEB Cost	Fiscal Year Ending June 30, 2013
Annual required contribution (ARC)	\$ 359,894
Interest on net OPEB asset	(42,530)
Adjustment to ARC	36,110
OPEB expense	353,474
Net OPEB contributions made during the year	(359,894)
Decrease in OPEB asset	(6,420)
Net (Prepaid) OPEB asset at beginning of year	(567,075)
Net (Prepaid) OPEB asset at end of year	\$ (573,495)

The prepaid OPEB asset is included in the Prepaid items reflected in the noncurrent assets section of the Statement of Net Position.

UMA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net prepaid OPEB asset as of June 30, 2008 (the first year of implementation) through June 30, 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Prepaid OPEB Asset
June 30, 2013	\$ 353,474	101.8%	\$ 573,495
June 30, 2012	\$ 327,446	98.0%	\$ 567,075
June 30, 2011	\$ 235,120	131.6%	\$ 573,695
June 30, 2010	\$ 333,063	86.4%	\$ 499,343
June 30, 2009	\$ 77,894	44.0%	\$ 544,338
June 30, 2008	\$ 75,173	882.0%	\$ 587,933

The most recent actuarial valuation was dated July 1, 2011. As of the valuation date, the unfunded actuarial accrued liability (UAAL) amounted to \$2,324,453 which represents 5.49% of covered payroll. Current year contributions to the trust totaled \$359,894. The covered payroll (annual payroll of active employees covered by the plan) was \$48.4 million.

Actuarial valuations of an ongoing plan include estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the *projected unit credit actuarial cost method* was used to determine plan liabilities. The actuarial assumptions included a 7.5% investment rate of return, and an annual healthcare cost trend rate of 9% for 2011 decreasing to 5% by 2017 and thereafter. The UAAL is being amortized as a level cost per active employee over a thirty year closed amortization period. The next actuarial valuation for this plan will be prepared as of July 1, 2013.

8. DEFERRED COMPENSATION PLANS

Several voluntary deferred compensation plans are available to State employees and employees of its political subdivisions. Certain employees of the University and the Authority have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate

MEDICAL UNIVERSITY OF SOUTH CAROLINA

State employment as specified by the applicable plan. Employees may also withdraw contributions prior to termination if they meet age requirements specified by the applicable plan.

Certain employees have elected to participate in a Section 403(b) plan through a financial provider approved by the University. The University believes it is compliant with Internal Revenue Service regulations that went into effect January 1, 2009. The plan is administered by various unrelated financial institutions.

Employees of Carolina Primary Care Physicians, P.A. (CPCP) and Carolina Health Management Services (CHMS), component units of UMA, participate in a deferred compensation plan under Internal Revenue Code Section 401(k) which allows employees to defer up to \$22,000 of compensation annually. The employer makes safe-harbor contributions for all employees of three percent of compensation up to \$251,000. A separate employer contribution of five percent for all physicians and eight percent for all non-physician employees is made for all eligible compensation. All employee and employer safe-harbor contributions are 100% vested at the time of contribution. The five and eight percent employer contributions vest ratably over a 5-year period. Total employer contributions to this plan for the fiscal year ending June 30, 2013 were \$602,992.

9. COMMITMENTS, CONTINGENCIES AND LITIGATION

The various federal programs administered by the University for fiscal year 2013 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined, but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University and UMA are involved in a number of legal proceedings and claims with various parties which arose in the normal course of business and cover a wide range of matters including medical malpractice. In the opinion of management, the outcome of the legal proceedings and claims is not expected to have a material adverse effect on the financial positions of the entities.

The University had outstanding commitments related to capital projects of \$18,982,020 at June 30, 2013. The University anticipates funding these projects out of current resources, proceeds from debt issuances, private gifts, federal capital grants, special appropriations, and state capital improvement bond proceeds.

Carolina Primary Care Physicians, P.A. (CPCP), a component unit of UMA, signed a corporate guarantee with a financial institution for 17.50 percent of the \$8,750,000 mortgage debt of Lowcountry Real Property, LLC (LCRP). This corporate guarantee is based upon 50 percent of CPCP's equity in the partnership multiplied by the outstanding principal balance of the mortgage up to a maximum \$1,531,250. CPCP and the other guarantors are jointly and severally liable for this amount should LCRP default on its obligation.

UMA has recorded a liability for future payments to a previously employed physician provider under a deferred compensation agreement. The agreement calls for specified payments over the joint life expectancy of the physician and his spouse based upon his term of employment. At June 30, 2013, the discounted value of these expected future payments is \$201,426 and is reflected in Payables and accrued liabilities on the Statement of Net Position.

On May 23, 2012, UMA reached an agreement in principle with a former member of its senior management to terminate his contract of employment. This agreement provides for salary and health benefit continuation for a period of 18 months. In accordance with GASB Statement No. 47, *Accounting for Termination Benefits*, \$60,319 was accrued as of June 30, 2013. This amount is reflected in Payables and accrued liabilities on the Statement of Net Position.

10. PAYABLES AND ACCRUED LIABILITIES

The following table reflects the payables and accrued liabilities as of June 30, 2013:

	The University	UMA	-- Nonmajor Enterprise Funds --	
			MUFC	CHS
Accounts payable	\$ 13,265,594	\$ 2,322,900	\$ -	\$ -
Retainages	269,954	-	-	-
Accrued payroll & related liabilities	6,018,300	18,739,059	-	-
Accrued interest	1,360,973	203,791	75,096	305,425
Other	-	2,037,431	-	-
	<u>\$ 20,914,821</u>	<u>\$ 23,303,181</u>	<u>\$ 75,096</u>	<u>\$ 305,425</u>

11. NONCURRENT LIABILITIES

University and Blended Component Units

Noncurrent liability activity for the year ended June 30, 2013 for the University and its blended component units was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<u>The University</u>					
State institution bonds payable	\$ 47,660,000	\$ -	\$ (4,155,000)	\$ 43,505,000	\$ 4,225,000
State bond anticipation notes	28,000,000	28,000,000	(28,000,000)	28,000,000	28,000,000
Revenue bond payable	33,625,000	-	(1,210,000)	32,415,000	1,255,000
Energy note payable	6,042,756	-	(2,828,005)	3,214,751	2,065,472
Capital leases payable	1,213,231	143,490	(521,906)	834,815	265,048
Compensated absences payable	27,914,243	15,124,141	(13,993,636)	29,044,748	13,993,636
Premium on state institution bond	1,920,211	-	(349,465)	1,570,746	333,455
Less deferred loss on early retirement of state institution bonds	(1,209,218)	-	187,284	(1,021,934)	(176,530)
Total University long-term liabilities	145,166,223	43,267,631	(50,870,728)	137,563,126	49,961,081
Interfund payables	25,787,362	-	(5,097,564)	20,689,798	2,126,842
Due to component unit	45,440,150	-	(526,010)	44,914,140	568,227
Federal loan program liability	14,133,326	345,075	(172,454)	14,305,947	-
Total University noncurrent liabilities	230,527,061	43,612,706	(56,666,756)	217,473,011	52,656,150
<u>University Medical Associates</u>					
Variable rate demand bonds	62,085,000	-	-	62,085,000	-
Term loan payable	24,960,708	-	(3,791,500)	21,169,208	3,791,501
Compensated absences payable	3,893,673	1,088,385	(1,607,567)	3,374,491	2,024,695
Subtotal	90,939,381	1,088,385	(5,399,067)	86,628,699	5,816,196
Less deferred refunding costs:					
Variable rate demand bonds	(14,766,391)	-	720,396	(14,045,995)	
Term loan payable	(5,936,693)	-	912,186	(5,024,507)	
Total UMA long-term liabilities	70,236,297	1,088,385	(3,766,485)	67,558,197	5,816,196
Fair value of derivative instruments	7,356,296	-	(5,664,823)	1,691,473	-
Total UMA noncurrent liabilities	77,592,593	1,088,385	(9,431,308)	69,249,670	5,816,196
<u>Nonmajor Enterprise Funds</u>					
Medical University Facilities Corporation					
Revenue bonds payable	4,954,000	-	(923,000)	4,031,000	992,000
Notes payable	3,110,000	-	(3,110,000)	-	-
Total MUFC long-term liabilities	8,064,000	-	(4,033,000)	4,031,000	992,000
Fair value of derivative instruments	54,477	-	(54,477)	-	-
Total MUFC noncurrent liabilities	8,118,477	-	(4,087,477)	4,031,000	992,000
CHS Development Company					
Notes payable	24,490,000	19,290,000	(24,490,000)	19,290,000	1,370,000
Unamortized premium	61,403	-	(61,403)	-	-
Less deferred loss on refinancing	-	(610,399)	46,931	(563,468)	(85,764)
Total CHS noncurrent liabilities	24,551,403	18,679,601	(24,504,472)	18,726,532	1,284,236
Grand total	\$ 340,789,534	\$ 63,380,692	\$ (94,690,013)	\$ 309,480,213	\$ 60,748,582

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Major Discretely Presented Component Unit

Noncurrent liability activity for the year ended June 30, 2013 for the Authority was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Medical University Hospital Authority					
Bonds payable	\$ 429,120,000	\$ -	\$ (380,045,000)	\$ 49,075,000	\$ 1,670,000
GNMA mortgage backed securities	-	361,427,400	(6,474,068)	354,953,332	13,236,814
GE notes payable	2,269,100	-	(1,662,096)	607,004	607,004
BA and BB&T notes payable	9,306,568	-	(9,306,568)	-	-
Wells Fargo note payable	-	13,842,648	(361,058)	13,481,590	1,181,570
Capital leases payable	873,323	-	(258,169)	615,154	261,751
Subtotal	441,568,991	375,270,048	(398,106,959)	418,732,080	16,957,139
Plus unamortized bond premium	6,664,036	-	(6,664,036)	-	-
Less deferred loss on refunding	(12,719,253)	(46,609,757)	14,061,197	(45,267,813)	-
Total Authority long-term liabilities	435,513,774	328,660,291	(390,709,798)	373,464,267	16,957,139
Due to component unit	702,611	-	(702,611)	-	-
Fair value of derivative instruments	3,861,867	-	(1,599,122)	2,262,745	-
Other noncurrent liabilities	8,734,258	-	(2,684,578)	6,049,680	2,419,872
Total Authority noncurrent liabilities	<u>\$ 448,812,510</u>	<u>\$ 328,660,291</u>	<u>\$ (395,696,109)</u>	<u>\$ 381,776,692</u>	<u>\$ 19,377,011</u>

12. BONDS AND NOTES PAYABLE

Bonds Payable - University and Blended Component Units

The University's bonds payable at June 30, 2013 consisted of the following:

	Interest Rates	Maturity Dates	Balance June 30, 2013
State Institution Bonds:			
2003J series dated 12/01/2003	3.50 - 5.00%	12/01/2013	\$ 565,000
2005A refunding dated 04/01/2005	3.00 - 5.00%	03/01/2020	13,325,000
2011D series dated 03/01/2011	2.00 - 5.00%	03/01/2031	17,490,000
2012B refunding dated 05/01/2012	2.50 - 5.00%	04/01/2024	12,125,000
Total state institution bonds			<u>43,505,000</u>
State Institution Bond Anticipation Note:			
2012 series dated 12/11/2012	0.50%	12/10/2013	28,000,000
Higher Education Facilities Revenue Bond:			
2006 series dated 11/01/2006	4.00 - 4.30%	04/01/2031	32,415,000
			<u>\$ 103,920,000</u>

State Institution Bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of the annual debt service requirement for the payment of principal and interest on State Institution Bonds. SC Code of Laws section 59-107-90 states that the maximum amount of annual debt service on state institution bonds for each institution shall not exceed ninety percent of the sums received from tuition fees for the preceding fiscal year. Tuition fees designated for debt service for the preceding year were \$6,923,568 which resulted in a legal debt margin at June 30, 2013, of \$6,231,211.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

The scheduled maturities of the State Institution Bonds are as follows:

Year Ending June 30,	State Institution Bonds		
	Principal	Interest	Total
2014	\$ 4,225,000	\$ 1,866,600	\$ 6,091,600
2015	4,210,000	1,697,800	5,907,800
2016	4,360,000	1,524,863	5,884,863
2017	4,495,000	1,346,263	5,841,263
2018	4,035,000	1,155,863	5,190,863
2019 - 2023	12,070,000	3,675,763	15,745,763
2024 - 2028	6,220,000	1,739,406	7,959,406
2029 - 2031	3,890,000	395,250	4,285,250
	<u>\$ 43,505,000</u>	<u>\$ 13,401,808</u>	<u>\$ 56,906,808</u>

For the year ended June 30, 2013, principal payments on the State Institution Bonds totaled \$4,155,000 and the related interest expense totaled \$1,987,815.

The scheduled maturities of the Higher Education Facilities Revenue Bond are as follows:

Year Ending June 30,	Higher Education Revenue Bond		
	Principal	Interest	Total
2014	\$ 1,255,000	\$ 1,344,838	\$ 2,599,838
2015	1,305,000	1,294,638	2,599,638
2016	1,360,000	1,242,438	2,602,438
2017	1,415,000	1,188,038	2,603,038
2018	1,470,000	1,131,438	2,601,438
2019 - 2023	8,285,000	4,724,238	13,009,238
2024 - 2028	10,145,000	2,864,060	13,009,060
2029 - 2031	7,180,000	624,933	7,804,933
	<u>\$ 32,415,000</u>	<u>\$ 14,414,621</u>	<u>\$ 46,829,621</u>

For the year ended June 30, 2013, principal payments on the Higher Education Facilities Revenue Bond totaled \$1,210,000 and the related interest expense totaled \$1,393,238.

During fiscal year 2013, the University issued a State Bond Anticipation Note in the amount of \$28,000,000. The proceeds of this State Bond Anticipation Note were used to repay the State Bond Anticipation Note issued in fiscal year 2012. The proceeds of the related original Bond Anticipation Note (issued in fiscal year 2008) were used to finance the construction of the College of Dental Medicine Building. Interest expense incurred in fiscal year 2013 related to the State Bond Anticipation Note issued in fiscal year 2012 and the State Bond Anticipation Note issued in fiscal year 2011 totaled \$234,547.

The State Bond Anticipation Note issued in fiscal year 2013 will mature during fiscal year 2014, at which time re-financing via an issuance of a new State Bond Anticipation Note is anticipated. Interest payments related to State Bond Anticipation Note during fiscal year 2014 are anticipated to total approximately \$139,611.

The total amount of defeased debt outstanding at June 30, 2013 for the University was \$9,295,000.

On December 18, 2008, UMA issued Series 2008 South Carolina Jobs-Economic Development Authority Variable Rate Demand Bonds (Series 2008 Bonds) in the amount of \$65,085,000 in conjunction with the refunding of its 1994, 1997, 1999A and 1999B Select Auction Variable Rate Securities (SAVRS). The proceeds of the Series 2008 Bonds were used to fully redeem the 1999 A&B SAVRS and pay certain costs of issuance. The Series 2008 Bonds mature in various installments ranging from \$1.7 million to \$3.9 million beginning on July 1, 2019 with final maturity on July 1, 2037.

The Series 2008 Bonds originally bore interest at a daily interest rate. The daily interest rate is defined as the rate of interest per annum determined by the remarketing agent for the Series 2008 Bonds (based on examination of tax-exempt obligations comparable in the judgment of the remarketing agent and known by the remarketing agent to have been priced or traded under the prevailing market conditions) to be the minimum interest rate which, if borne by such Series 2008 Bonds, would enable the remarketing agent to sell the Series 2008 Bonds at a price equal to the principal amount thereof. The original Series 2008 Bond Master Trust Indenture allowed UMA, under certain conditions, to elect that the interest rate on the Bonds bearing interest at a daily interest rate be converted into a weekly interest rate, a long-term interest rate, or a bond interest term rate, as these rates were defined in the Master Trust Indenture. Further, the Master Trust Indenture provided that if UMA elected to convert the interest rate period for the Series 2008 Bonds from the daily interest rate, then the Series 2008 Bonds would be subject to mandatory tender for purchase on the effective date of the conversion to another interest rate period.

Payments relative to the Series 2008 Bonds were originally secured by, among other things, an irrevocable, direct-pay letter of credit (Credit Facility) issued by Wachovia Bank, NA (Wachovia) pursuant to a Reimbursement and Security Agreement between UMA and Wachovia dated December 1, 2008. The original Credit Facility was due to expire on December 18, 2011. Due to the upcoming initial expiration date of the Credit Facility, UMA requested that the South Carolina Jobs-Economic Development Authority and the Bond trustee execute a mandatory tender for purchase of the Series 2008 Bonds and amend and restate the Master Trust Indenture to provide for the Index Rate Mode relative to the interest due on the Bonds. The transaction was executed on June 23, 2011. Following the amendment of the original Master Trust Indenture, the Bonds were reissued and purchased at par in the Index Rate Mode by Wells Fargo Bank, NA (Wells Fargo) pursuant to a Continuing Covenant Agreement dated June 23, 2011 between UMA and Wells Fargo. The original Credit Facility and the related Reimbursement and Security Agreement were terminated as of the closing of Wells Fargo's direct purchase of the reissued Bonds (Reissued Bonds).

Under the Index Rate Mode during the initial period, interest accruing to Wells Fargo is computed at 75% of the one-month LIBOR rate plus 0.88%. The initial term was set at sixty-six months ending on December 31, 2016 at which time the Reissued Bonds will be subject to a mandatory tender to the borrower. If not successfully remarketed on that date, all amounts outstanding will be converted to a bank loan subject to repayment in sixty consecutive monthly installments of \$1,034,750 beginning 180 days after the mandatory tender date (July 1, 2017) with interest computed at the greater of (1) Wells Fargo's Prime Rate plus 2%, (2) the Federal Funds Rate plus 3%, or (3) 8%.

As of June 30, 2013, the annual effective variable interest rate incurred on the Reissued Bonds was 1.025%, determined in accordance with the Index Rate Mode formula described above. However, UMA has synthetically converted the overall interest cost to a variable rate that, because of the structure of the payer-side arrangement, is a near fixed rate proxy using derivative financial instruments as described below.

As security for repayment of the Reissued Bonds and other obligations issued under the Master Trust Indenture (as amended and restated on June 23, 2011), UMA has granted to the master trustee a security interest in its Pledged Assets, subject to permitted liens and subject to the right of the Members of the Obligated Group to transfer property, plant and equipment and cash and investments free of the security interest created in the Pledged Assets under certain specified circumstances as further set forth in the Master Indenture. Pledged Assets consist of the UMA Receipts of each Member of the Obligated Group (as defined, which currently consists solely of UMA). "UMA Receipts" means all accounts and assignable general intangibles of each Member of the Obligated Group, now owned or hereafter acquired, and all proceeds thereof and therefrom whether cash or noncash; excluding, however, (a) gifts, grants, bequests, donations, contributions, charitable pledges, or other contract or property rights to any Member of the Obligated Group heretofore or hereafter made, and the income and gains and other proceeds derived therefrom, to the extent any of the foregoing are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture or on any obligations; (b) mandatory transfers to MUSC and MUSCF; (c) transfers under the ambulatory care and primary care agreements; and (d) non-UMA revenues. All obligations issued under the Master Indenture are secured *pari passu* by the security interest in the Pledged Assets created by the Master Indenture. The Members of the Obligated Group are also subject to certain covenants under the Master Indenture restricting, among other things, incurrence of indebtedness, existence of liens, consolidation or merger and disposition of assets. UMA is currently the only Member of the Obligated Group.

The Reissued Bonds were issued pursuant to a resolution by the South Carolina Jobs-Economic Development Authority in order to obtain tax-exempt status for the interest payments to the bond holders and reduce the total interest costs. These Bonds are subject to compliance with the arbitrage regulations of the Internal Revenue Code.

The original proceeds of the Series 2008 Bonds and the Wachovia Term Loan (described in the Notes Payable section) were used in fiscal 2009 to advance refund outstanding SAVRS direct note obligations, terminate previous swap agreements and pay issue costs. The refunding transaction resulted in a loss of \$26,736,722 which was amortized over the shorter life of the refunded debt, i.e. the period ending on May 15, 2027, using the effective interest method.

The mandatory tender of the Series 2008 Bonds and the direct purchase of the Reissued Bonds executed on June 23, 2011, as described above, were accounted for as a refunding transaction under GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*. The proceeds of \$62,085,000 from the direct purchase of the Reissued Bonds by Wells Fargo were used, along with \$314,542 of UMA's cash, to advance refund outstanding Series 2008 South Carolina Jobs Economic Development Authority Variable Rate Revenue Bonds of \$62,085,000, to pay accrued interest of \$1,462 and issue costs of \$313,080. This refunding resulted in an economic loss of \$7,341,936 and an increase in cash flows of \$9,807,716 due to increased interest costs. The deferred refunding costs resulting from the most recent refunding, together with the unamortized difference from the previous refunding described in the preceding paragraph, in the total amount of \$22,346,892, are being amortized over the original amortization period remaining from the previous refunding, i.e. the period ending on May 15, 2027, using the effective interest method.

UMA has entered into an interest rate swap agreement with Wachovia Bank, NA to modify interest rates on both of the Bonds (represented first by the Series 2008 Bonds and then by the Reissued Bonds). The swap related to the Reissued Bonds limits the impact of fluctuations in the LIBOR rate by converting the variable interest rate paid on the Bonds into a rate equal to 2.9828% plus 8% of the one-month LIBOR rate. The Bonds swap agreement was entered into on December 5, 2008 with an effective date of December 18, 2008, and matures on July 1, 2037. The notional amount as of June 30, 2013 was \$62,085,000 which equals the principal

MEDICAL UNIVERSITY OF SOUTH CAROLINA

outstanding. Under the Reissued Bonds swap agreement, UMA pays Wachovia a fixed interest payment of 2.1028% and receives a variable payment equal to 67% of the one-month LIBOR rate. The variable rate in effect at June 30, 2013 was 0.129%.

The Reissued Bonds swap agreement is considered a hedging derivative instrument under GASB Statement No. 53 as of June 30, 2013. The previously established hedging relationship between the original Series 2008 Bonds and the related interest rate swap was discontinued in connection with the refunding transaction executed on June 23, 2011. At that time, the deferred inflows associated with the hedging derivative instrument of \$1,696,000 were included in the calculation of the loss on the refunding transaction in accordance with GASB Statement No. 23. Following the refunding, the existing swap, which was not terminated in connection with the refunding, was associated with the Reissued Bonds and proven to constitute an effective hedging derivative instrument under GASB Statement No. 53. Accordingly, changes in the swap's fair value since the time it was associated with the Reissued Bonds are being reported as deferred inflows/outflows. The fair value of the swap at the time of the refunding is being amortized as an adjustment of deferred inflows/outflows and interest expense on a straight-line basis over the remaining life of the swap.

As of June 30, 2013, the fair value of the Reissued Bonds swap agreement was a negative (\$762,982). The fair value was estimated by independent financial advisors using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Consistent with the guidance provided by GASB Statement No. 53, the negative fair value of the Reissued Bonds swap agreement has been recorded on the Statement of Net Position and offset by an identical amount for the deferred outflows from this swap since the swap is considered an effective hedging instrument. The increase in the fair value of the Series 2008 Bonds' cash flow hedge swap from June 30, 2012 of \$5,107,555 is not recognized in these financial statements.

UMA is exposed to counterparty credit risk in the amount of the derivative's fair value. Wells Fargo Bank, NA (successor by merger to Wachovia Bank, NA), counterparty to this swap, is rated Aa2 by Moody's Investor Services, and AA by Standard & Poor's as of June 30, 2012. Should the estimated termination value of the Series 2008 Bonds swap or the Term Loan swap, which is discussed in the Notes Payable section of this note, (assuming their early termination) become negative to UMA, UMA may be required to post collateral with the swap counterparty in the form of cash or negotiable debt securities of the U.S. Treasury Department, provided that in any case the collateral held by the swap counterparty shall at no time exceed \$8.2 million. As of the date of issuance of this report, UMA has not been required to post any such collateral.

Interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable borrowing rate on the bonds is called "basis risk." UMA is subject to this basis risk on the Reissued Bonds as of June 30, 2013 as the indexed variable rate is 67% of the one month LIBOR and the actual market-determined borrowing rate is 75% of the one-month LIBOR rate plus 0.88%.

The Reissued Bonds swap derivative contract incorporates the International Swap Dealers Association Master Agreement ("Master Agreement"), which includes standard termination events, such as failure to pay and bankruptcy. UMA or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. UMA may also terminate the swap at its discretion upon two business days notice to the counterparty. If the swap were terminated, the variable rate debt would no longer carry a synthetic interest rate. In addition, if at the time of the termination the swap has a negative fair value, UMA would generally be liable to the counterparty for a payment equal to the swap's fair value. Conversely, if the fair value is positive at termination, UMA would generally receive a payment from the counterparty.

Using rates as of June 30, 2013, debt service requirements of UMA's Reissued South Carolina Jobs-Economic Development Authority Variable Rate Demand Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, the variable-rate notes interest payments and the net swap payments will vary.

Fiscal Year Ending <u>June 30,</u>	Reissued SC JEDA Variable Rate Demand Bonds			
	Principal	Interest	Swap	Total
			Payment, Net	Debt Service
2014	\$ -	\$ 636,582	\$ 1,225,235	\$ 1,861,817
2015	-	636,582	1,225,235	1,861,817
2016	-	636,582	1,225,235	1,861,817
2017	-	636,582	1,225,235	1,861,817
2018	-	636,582	1,225,235	1,861,817
2019 - 2023	13,250,000	2,783,799	5,357,998	21,391,797
2024 - 2028	14,105,000	2,078,569	4,000,640	20,184,209
2029 - 2033	16,170,000	1,293,057	2,488,755	19,951,812
2034 - 2038	18,560,000	391,321	753,178	19,704,499
Totals	<u>\$ 62,085,000</u>	<u>\$ 9,729,656</u>	<u>\$ 18,726,746</u>	<u>\$ 90,541,402</u>

MEDICAL UNIVERSITY OF SOUTH CAROLINA

On September 20, 1995, the Medical University Facilities Corporation (MUFC) issued lease revenue bonds series 1995 A in the amount of \$12,729,000 and series 1995 B in the amount of \$472,000. Related bond issue costs totaling \$356,900 were capitalized as deferred charges to be amortized over the lives of the bonds. The bonds were issued for the purpose of providing a portion of the payment for the costs of completing the acquisition and construction of the Strom Thurmond Biomedical Research Center. Interest rates range from 7.45% to 7.5%. The final maturity is in 2016, and the bonds are secured by the rental payments received under the capital lease as detailed in Note 13. The bond covenants require that MUFC establish and maintain funds with a trustee for the payment of principal and interest on the lease revenue bonds. MUFC paid \$923,000 in principal and incurred \$335,089 in interest expense on these bonds for the year ended June 30, 2013.

The scheduled maturities of the MUFC lease revenue bonds are as follows:

Fiscal Year Ending June 30,	Lease Revenue Bonds		
	Principal	Interest	Total
2014	\$ 992,000	\$ 282,237	\$ 1,274,237
2015	1,070,000	206,900	1,276,900
2016	1,149,000	125,712	1,274,712
2017	820,000	30,553	850,553
Total	<u>\$ 4,031,000</u>	<u>\$ 645,402</u>	<u>\$ 4,676,402</u>

Bonds Payable - Major Discretely Presented Component Unit

On December 19, 2012, the Authority refinanced its 2004 Series A and B bonds with Government National Mortgage Agency (GNMA) mortgage backed securities (MBS) (Series 2012). The annual interest rate associated with the GNMA MBS is a fixed 2.94%. The scheduled maturities of the Authority's GNMA MBS are as follows:

Fiscal Year Ending June 30,	GNMA MBS (Series 2012)		
	Principal	Interest	Total
2014	\$ 13,236,814	\$ 10,258,208	\$ 23,495,022
2015	13,631,263	9,863,758	23,495,021
2016	14,037,467	9,457,555	23,495,022
2017	14,455,775	9,039,246	23,495,021
2018	14,886,549	8,608,473	23,495,022
2019 - 2023	81,357,267	36,117,838	117,475,105
2024 - 2028	94,223,571	23,251,535	117,475,106
2029 - 2033	109,124,626	8,350,475	117,475,101
Total	<u>\$ 354,953,332</u>	<u>\$ 114,947,088</u>	<u>\$ 469,900,420</u>

The scheduled maturities of the Authority's Economic Development Revenue Bonds are as follows:

Fiscal Year Ending June 30,	CEP Project Series 2004			
	Principal	Interest	Swap Payment, Net	Total
2014	\$ 1,670,000	\$ 991,813	\$ 1,765,409	\$ 4,427,222
2015	1,750,000	955,691	1,701,586	4,407,277
2016	1,835,000	917,817	1,634,671	4,387,488
2017	1,925,000	878,089	1,564,478	4,367,567
2018	2,020,000	836,403	1,490,825	4,347,228
2019 - 2023	11,700,000	3,480,879	6,215,344	21,396,223
2024 - 2028	14,855,000	2,084,177	3,747,612	20,686,789
2029 - 2032	13,320,000	436,280	812,146	14,568,426
	<u>\$ 49,075,000</u>	<u>\$ 10,581,149</u>	<u>\$ 18,932,071</u>	<u>\$ 78,588,220</u>

Notes Payable - University and Blended Component Units

On October 3, 2008, the Board of Trustees approved a resolution authorizing the University to use the South Carolina Master Lease Program for the purpose of financing the costs of purchasing and implementing energy conservation measures that will benefit both the University and the Authority with the understanding that debt service payments will be generated from the associated energy savings. Pursuant to this resolution, the University borrowed \$15,387,340 from Bank of America during fiscal year 2009.

For the year ended June 30, 2013, principal payments on this Energy Note totaled \$2,828,005 (including a prepayment of \$892,598) and the related interest expense totaled \$295,304.

The scheduled maturities of the energy note payable are as follows:

Fiscal Year Ending <u>June 30,</u>	Bank of America Energy Note		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,065,472	\$ 165,238	\$ 2,230,710
2015	1,149,279	59,073	1,208,352
Totals	<u>\$ 3,214,751</u>	<u>\$ 224,311</u>	<u>\$ 3,439,062</u>

On December 18, 2008, UMA borrowed \$37,915,000 via a taxable term loan payable to Wachovia Bank, NA (the Term Loan) to cover the taxable portion of the refunding of the aforementioned SAVRS. The proceeds of the Term Loan were used to fully redeem the outstanding 1994 and 1997 SAVRS, terminate the previously outstanding swap agreements, and pay certain costs of issuance. The Term Loan is being amortized over a ten year period and payable in level monthly principal installments of \$315,958 plus interest through January 1, 2019. The ten-year repayment schedule was originally conditional on the successful renewal or replacement of the above-referenced Credit Facility (see Bonds Payable section). In connection with the above described direct purchase of the Reissued Bonds by Wells Fargo on June 23, 2011, the term of the Term Loan was extended to match the initial term of the Interest Rate Mode of the Reissued Bonds held by Wells Fargo.

UMA pays interest on the Term Loan at the rate equal to the one-month LIBOR plus 1.30%. As of June 30, 2013, the annual effective variable interest rate incurred on the Term Loan was 1.494%. However, UMA has synthetically converted the overall interest cost to a fixed rate using derivative financial instruments as described below.

The Term Loan is governed by a conventional loan agreement and additional security documents entered into by UMA in favor of the bank. These security documents include a Leasehold Mortgage and Security Agreement under which, among other things, UMA grants to the bank a leasehold mortgage and security interest in its rights under and in respect of the Rutledge Tower lease and subleases.

UMA has entered into an interest rate swap agreement with Wachovia Bank, NA to hedge changes in cash flows on the Term Loan in an effort to convert its variable rate to a synthetic fixed rate of 3.869%. The swap agreement related to the Term Loan was entered into on December 5, 2008 with an effective date of December 18, 2008 and matures January 2, 2019. The notional amount as of June 30, 2013 was \$21,169,208 which equaled the principal outstanding. Under the swap agreement, UMA pays Wachovia a fixed interest payment of 3.869% on the Term Loan. UMA receives a variable payment equal to the one-month LIBOR rate plus 1.30% on the swap associated with the Term Loan. The variable rate for the Wachovia term loan in effect at June 30, 2012 was 1.494%.

As of June 30, 2013, the fair value of the Term Loan swap was a negative (\$928,491). The fair value was estimated by independent financial advisors using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Consistent with the guidance provided by GASB Statement No. 53, the negative fair value of the Term Loan swap agreement has been recorded on the Statement of Net Position and offset by an identical amount for the deferred outflows from this swap since the swap is considered an effective hedging instrument. The increase in the fair value of the term loan cash flow hedge swap from June 30, 2012 of \$557,268 is not recognized in these financial statements.

As of June 30, 2013, UMA is exposed to counterparty credit risk in the amount of the swap agreement's fair value. Wells Fargo Bank, NA (successor by merger to Wachovia Bank, NA), the counterparty to this swap, is rated Aa2 by Moody's Investor Services, and AA by Standard & Poor's as of June 30, 2013. Should the estimated termination value of the Term Loan swap or the Reissued 2008 Bonds swap, which is discussed in the Bonds Payable section of this note, (assuming their early termination) become negative to UMA, UMA may be required to post collateral with the swap counterparty in the form of cash or negotiable debt securities of the U.S. Treasury Department, provided that in any case the collateral held by the swap counterparty shall at no time exceed \$8.2 million. As of the date of issuance of this report, UMA has not been required to post any such collateral.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable borrowing rate on the bonds is called "basis risk." Basis risk has been eliminated on the Term Loan as both the payment received and the borrowing rate are determined based on the one month LIBOR plus a spread of 1.30%.

The Term Loan swap derivative contract incorporates the International Swap Dealers Association Master Agreement ("Master Agreement"), which includes standard termination events, such as failure to pay and bankruptcy. UMA or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. UMA may also terminate the swap at its discretion upon two business days notice to the counterparty. If the swap were terminated, the variable rate debt would no longer carry a synthetic interest rate. In addition, if at the time of the termination the swap has a negative fair value, UMA would generally be liable to the counterparty for a payment equal to the swap's fair value. Conversely, if the fair value is positive at termination, UMA would generally receive a payment from the counterparty.

Using rates as of June 30, 2013, debt service requirements of UMA's Wachovia Term Loan and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, the variable-rate notes interest payments and the net swap payments will vary.

Fiscal Year Ending June 30,	Wachovia term loan			Total Debt Service
	Principal	Interest	Swap Payment, Net	
2014	\$ 3,791,501	\$ 287,903	\$ 463,164	\$ 4,542,568
2015	3,791,500	231,267	372,050	4,394,817
2016	3,791,500	174,630	280,936	4,247,066
2017	3,791,500	117,993	189,821	4,099,314
2018	3,791,500	61,357	98,707	3,951,564
2019	2,211,707	16,519	26,575	2,254,801
Totals	<u>\$ 21,169,208</u>	<u>\$ 889,669</u>	<u>\$ 1,431,253</u>	<u>\$ 23,490,130</u>

UMA has a line of credit with Wells Fargo Bank with a maximum borrowing limit of \$10 million, on which UMA could draw for working capital. The loan bears interest at the 30 day LIBOR rate plus 1.15% and is secured by all unrestricted accounts receivable. During fiscal year 2013, there were no advances under this line of credit. In April 2013, this line of credit expired and was renewed with basically the same terms through June 30, 2014.

On May 21, 2003, the South Carolina Jobs-Economic Development Authority (JEDA) issued Tax-Exempt Adjustable Mode Economic Development Revenue Bonds (Medical University Facilities Corporation) Series 2003 in the amount of \$13,500,000 with final maturity on January 1, 2013. The proceeds were loaned to MUFC and used to currently refund the certificates of participation dated December 1, 1991. Pursuant to the loan agreement, MUFC is obligated to make payments in amounts sufficient to pay the principal and interest on the bonds and certain other fees and expenses. The payment of the principal and interest is secured by an irrevocable, direct-pay letter of credit issued by Wachovia Bank, NA. In July 2003, the net proceeds of the JEDA loan as well as funds from the certificates of participation trusteed accounts were used to pay the scheduled principal and interest due on the certificates of participation, to redeem the remaining aggregate principal amount of \$13,525,000, and to pay the redemption premium of \$270,500. As a result of the refunding, MUFC experienced an economic gain (defined as the difference between the present values of the old and new debt service payments) of \$1,345,420 and decreased its total required debt service payments by \$3,126,281.

In connection with the loan from JEDA, MUFC entered into an interest rate swap agreement with Wachovia Bank, NA to hedge its interest rate exposure and establish a fixed rate payment. The swap agreement provided that MUFC will pay the swap provider interest on a notional amount equal to the aggregate principal amount of the loan at a fixed rate of 3.37 percent per annum and the swap provider will pay MUFC a variable rate of interest on such notional amount in an amount sufficient to pay the variable rate of interest on the loan. The swap agreement provided that the notional amount will be reduced in the same amount and at the same time the principal of the note is scheduled to be paid upon redemption or at maturity. The MUFC loan and the related swap agreement matured on January 1, 2013.

MUFC paid the final principal payment of \$3,110,000 and incurred \$52,755 in interest expense on these notes in fiscal year 2013.

On November 1, 2003, the South Carolina Jobs-Economic Development Authority issued Economic Development Revenue Bonds (CHS Development Company Project) Series 2003 (CHS Series 2003 Bonds) in the amount of \$32,985,000 with final maturity on January 1, 2025. Interest rates range from 3 percent to 5 percent. The proceeds were loaned to CHS Development Company and used to finance the renovation and equipping of the old Charleston High School to accommodate approximately 40,000 square feet of classroom and office space, the construction and equipping of an adjacent building consisting of approximately 40,000 square feet of

MEDICAL UNIVERSITY OF SOUTH CAROLINA

additional classroom and office space, the construction of an adjacent parking garage, and the construction of approximately 10,000 square feet of mixed use retail/services space. The renovated high school building, the new adjacent building, and the parking garage are leased to the University. Pursuant to the loan agreement, CHS is obligated to make payments in amounts sufficient to pay the principal and interest on the bonds and certain other fees and expenses. Payment of principal and interest on the bonds is insured under a financial guaranty insurance policy.

On December 21, 2012, the South Carolina Jobs-Economic Development Authority issued Economic Development Refunding Revenue Bonds (CHS Development Company Project) Series 2012 (CHS Series 2012 Bonds) in the amount of \$19,290,000. After deducting the related closing costs of \$312,747.35, the net proceeds of the CHS Series 2012 Bonds of \$18,977,252.65 along with \$6,080,447.35 of cash held by the trustee of the CHS Series 2003 Bonds was deposited in escrow for the purpose of redeeming all of the outstanding principal and accrued interest of the CHS Series 2003 Bonds. Subsequently, on January 1, 2013, the CHS Series 2003 Bonds were fully redeemed.

This refunding resulted in an accounting loss of \$610,399 which has been deferred and will be amortized over the pre-refunding remaining life of the refinanced obligation using the effective interest method. As a result of this refunding, CHS reduced its total debt service payments over the next twelve years by approximately \$3,468,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2,081,000.

The scheduled maturities of the CHS Series 2012 bonds are as follows:

Fiscal Year Ending June 30,	SC JEDA Refunding Revenue Bonds - CHS Series 2012		
	Principal	Interest	Total
2014	\$ 1,370,000	\$ 594,775	\$ 1,964,775
2015	1,405,000	537,600	1,942,600
2016	1,450,000	495,450	1,945,450
2017	1,490,000	451,950	1,941,950
2018	1,535,000	407,250	1,942,250
2019 - 2023	8,355,000	1,318,800	9,673,800
2024 - 2025	3,685,000	166,650	3,851,650
Total	<u>\$ 19,290,000</u>	<u>\$ 3,972,475</u>	<u>\$ 23,262,475</u>

The net impact of the above refunding on the outstanding debt of CHS Development Company was a reduction in principal of \$5,200,000. In addition, during the fiscal year ended June 30, 2013, CHS incurred \$873,125 in interest expense (including the interest paid in conjunction with the refunding).

Notes Payable - Major Discretely Presented Component Unit

In April 2013, the Authority entered into a \$13.8 million equipment lease/purchase agreement with Wells Fargo Bank, NA for the purpose of obtaining energy conservation equipment for the Authority's central energy plant. This 10-year note bears an annual interest rate of 3.5%.

Fiscal Year Ending June 30,	Wells Fargo note		
	Principal	Interest	Total
2014	\$ 1,181,570	\$ 456,460	\$ 1,638,030
2015	1,223,471	414,559	1,638,030
2016	1,266,858	371,172	1,638,030
2017	1,311,783	326,247	1,638,030
2018	1,358,302	279,729	1,638,031
2019 - 2023	7,139,606	641,036	7,780,642
Total	<u>\$ 13,481,590</u>	<u>\$ 2,489,203</u>	<u>\$ 15,970,793</u>

The scheduled maturities of the Authority's GE Capital Public Finance notes are as follows.

Fiscal Year Ending June 30,	GE Capital notes		
	Principal	Interest	Total
2014	<u>\$ 607,004</u>	<u>\$ 11,646</u>	<u>\$ 618,650</u>

13. LEASE OBLIGATIONS

The University's future commitments for capital leases and for operating leases having remaining noncancelable terms in excess of one year as of June 30, 2013, are as follows.

On the Statement of Net Position, the University's capital leases with blended component units are reported as interfund payables and the capital leases with the discretely presented component unit are reported as due to component unit.

Fiscal Year Ending June 30,	Capital Leases with			Operating Leases with			Total Operating Leases
	Blended Component Units	Discretely Presented Component Unit	External Entities	Blended Component Unit	Discretely Presented Component Units	External Entities	
	2014	\$ 3,154,987	\$ 4,058,863	\$ 310,328	\$ 2,245,824	\$ 487,437	
2015	3,154,987	4,058,863	298,298	1,662,558	386,713	956,017	3,005,288
2016	3,154,987	4,058,863	275,925	1,573,926	386,713	581,015	2,541,654
2017	2,199,984	4,058,853	26,118	1,573,926	386,713	261,552	2,222,191
2018	1,877,316	4,058,863	12,659	1,573,926	69,371	49,340	1,692,637
2019 - 2023	9,386,582	20,294,316	-	52,642	-	-	52,642
2024 - 2028	3,128,861	20,294,316	-	-	-	-	-
2029 - 2033	-	20,294,316	-	-	-	-	-
2034 - 2038	-	20,294,316	-	-	-	-	-
2039	-	3,044,158	-	-	-	-	-
Total minimum lease payments	26,057,704	104,515,727	923,328	\$ 8,682,802	\$ 1,716,947	\$ 3,070,810	\$ 13,470,559
Less interest	(5,367,906)	(59,601,587)	(88,513)				
Present value of minimum lease payments	\$ 20,689,798	\$ 44,914,140	\$ 834,815				

Operating Leases

The University's noncancelable operating leases provide for renewal options for periods from one to five years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Operating leases are generally payable on a monthly basis. Total operating lease expense in fiscal year 2013 for the University was \$6,408,824. Included in this amount and pursuant to an operating lease agreement with the Authority that covers space each entity uses in real property owned by the other entity, the University paid the Authority \$2,321,756.

As discussed in Note 16 and Note 17, for the year ended June 30, 2013, the University had certain other operating leases with related parties.

University Medical Associates leases facilities and equipment under operating leases expiring at various dates. Rent expense under these various agreements was \$6,250,262 in fiscal year 2013.

The future minimum lease payments under UMA noncancelable operating leases with initial or remaining terms in excess of one year are as follows:

Fiscal Year Ending June 30,	Amount
2014	\$ 6,332,759
2015	5,035,865
2016	4,159,048
2017	3,051,877
2018	2,203,163
2019 - 2022	3,558,707
Total	\$ 24,341,419

MEDICAL UNIVERSITY OF SOUTH CAROLINA

UMA subleases various properties to the University, the Authority, and external parties. Under these lease agreements for the fiscal year ended June 30, 2013, UMA received rent of \$4,756,910, composed of \$2,137,418 from the University, \$2,307,038 from the Authority, and \$312,454 from external parties. The minimum rentals to be received under non-cancelable leases with remaining terms in excess of one year are as follows:

Fiscal Year Ending June 30,	Operating Leases with			Total Operating Leases
	University	Discreted-Presented Component Unit	External Entities	
2014	\$ 2,197,385	\$ 2,263,904	\$ 248,536	\$ 4,709,825
2015	1,678,797	2,242,057	253,507	4,174,361
2016	1,573,926	2,243,764	258,577	4,076,267
2017	1,573,926	2,204,840	263,748	4,042,514
2018	1,573,926	1,892,435	36,858	3,503,219
2019	655,803	701,415	-	1,357,218
Totals	<u>\$ 9,253,763</u>	<u>\$ 11,548,415</u>	<u>\$ 1,061,226</u>	<u>\$ 21,863,404</u>

Capital Leases

Capital leases are generally payable in monthly installments from current resources. Certain University capital leases provide for renewal and/or purchase options. Generally, purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

During fiscal year 2013, the capital lease with MUFC related to the Harborview Office Tower expired effective with the final capital lease payment made by the University and the associated payoff by MUFC of its related note payable.

Monthly payments continue to be made to a financial institution as trustee under the capital lease with MUFC related to the Strom Thurmond Biomedical Research Center. The payment amounts are based on the amount necessary to fund the payments associated with the lease revenue bonds (see Note 12). The annual payment requirements are reduced by interest earned on the cash held by the trustee. A portion of the Strom Thurmond Biomedical Research Center has been subleased to the Veterans Administration for a period of 20 years at an annual rent of \$1,264,670.

Monthly payments are made to a financial institution as trustee under a capital lease with CHS Development Company for the CHS building, an adjacent office building, and a parking garage.

In fiscal year 2009, the University entered into capital lease agreements with MUSCF for a parking garage and two office buildings. The amount recorded as buildings related to these properties was \$47.2 million. During fiscal year 2012, the University made principal payments of \$486,949 and interest payments of \$3,571,914 related to these capital lease agreements with MUSCF.

The column in the University capital and operating lease schedule titled Capital Leases with Blended Component Units reflects the repayment schedule for the capital leases with MUFC and CHS, and the column titled Capital Leases with Discretely Presented Component Unit reflects the repayment schedule for the capital leases with MUSCF.

The following is a summary of the carrying value of all assets held by the University under capital leases at June 30, 2013:

	Capital Leases with		
	Blended Component Units	Discretely Presented Component Unit	External Entities
Equipment	\$ -	\$ -	\$ 2,532,202
Buildings	71,888,896	47,200,000	-
Total cost	71,888,896	47,200,000	2,532,202
Less accumulated depreciation	(34,042,565)	(6,686,667)	(1,032,968)
Carrying value	<u>\$ 37,846,331</u>	<u>\$ 40,513,333</u>	<u>\$ 1,499,234</u>

On January 9, 1995, UMA prepaid MUSCF \$37 million in connection with the acquisition of Rutledge Tower from Bon Secours St. Francis Hospital. This facility is used to house ambulatory care clinics, administrative offices and space subleased to others and includes a parking garage. The lease term originally expired on June 30, 2027, but was extended to July 1, 2037 in connection with the fiscal year 2009 refunding of certain acquisition indebtedness. The lease is renewable for successive five-year terms. This prepayment was allocated based upon appraised values as follows: (a) cost of land was recorded as prepaid rent, (b) cost of buildings and fixed

MEDICAL UNIVERSITY OF SOUTH CAROLINA

equipment was recorded as building under capital lease, and (c) cost of other equipment was recorded as equipment under capital lease. In October 2003, MUSCF sold a portion of the property subject to this lease agreement and refunded \$1,000,000 of the prepaid rent attributable to the agreement. These amounts are being amortized on a straight-line basis over the useful lives of 10 years for the equipment and 39.5 years for the prepaid land rent and building. Rent expense of \$338,226 and depreciation expense of \$474,224 was recorded for the year ending June 30, 2013. The following schedule reflects the remaining basis of assets acquired under this capital lease as of June 30, 2013.

Description	Capitalized Cost	Accumulated Depreciation	Carrying Value
Prepaid rent - MUSCF	\$ 19,052,400	\$ (10,784,974)	\$ 8,267,426
Building under capital lease	13,989,600	(8,773,141)	5,216,459
Equipment under capital lease	2,958,000	(2,958,000)	-
Totals	\$ 36,000,000	\$ (22,516,115)	\$ 13,483,885

14. STATE APPROPRIATIONS

The Medical University of South Carolina is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the University receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is the University's base budget amount presented in the General Funds column of Section 17A -17B of Part IA of the 2012-2013 Appropriation Act. The following schedule is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2013.

Non-capital appropriations

Current year's appropriations:	
Original appropriations per Annual Appropriations Act	\$ 60,622,848
State Budget and Control Board Allocations:	
For cost-of-living adjustments	1,602,777
For employer share of health and dental insurance	680,151
For employer share of retirement contributions	526,599
Interagency transfers:	
From Commission on Higher Education:	
Academic Endowment	38,802
Appropriation Transfer from the Department of Health and Human Services:	
Disproportionate Share	18,628,621
Maxillofacial	225,086
	<u>82,324,884</u>
Total non-capital appropriations recorded as current year revenue	<u>\$ 82,324,884</u>

Capital appropriations

Deferred maintenance appropriation	\$ 5,710,334
Capital appropriation for Ashley River Tower	5,500,000
Research Infrastructure bond proceeds	<u>2,069,311</u>
Total capital appropriations recorded as current year revenue	<u>\$ 13,279,645</u>

Capital Improvement and Research Infrastructure bonds are issued by the State to fund improvements and expansion of various State facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenses have been incurred. In fiscal year 2013, the University received research infrastructure bond proceeds of \$2,069,311. As of June 30, 2013, the University has \$4,459,391 of authorized research infrastructure bond funds.

Proviso 89.25 of the 2012-2013 Appropriation Act authorized each agency to bring forward unspent State General Fund appropriations from the prior year into the current fiscal year up to a maximum of ten percent of its original appropriation less any appropriation reductions. Agencies having separate carry-forward authority had to exclude the amount brought forward by such separate authority from their base for purposes of calculating the ten percent carry-forward. Pursuant to this proviso, the University did not carry forward any appropriations.

15. INCOME TAXES

UMA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The blended component units of UMA have cumulative unused net operating losses totaling \$12,549,040 that may be offset against future taxable income of the respective companies. These net operating loss carry-forwards will expire as follows if not used: \$9,502,366 in 2019, \$1,047,671 in 2020, \$8,717 in 2021, \$1,369,632 in 2022, \$606,307 in 2023, \$12,734 in 2029, and \$1,613 in 2033. Current year income tax expense resulted from the ninety percent limitation on the utilization of net operating losses for alternative minimum tax purposes. No associated deferred tax assets been recognized due to the uncertainty regarding future taxable income of the taxable component units.

As discussed in Note 1, CHS has previously been recognized as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in 501(c)(3). CHS's exempt status was revoked effective November 15, 2012 for failure to file Form 990-N for three years. Management believes that the Internal Revenue Service will approve its application for re-establishment of CHS's exempt status retroactive back to the date of the revocation. Management believes that any unrelated business income generated by CHS is not material to the financial statements. As such, no provision for income taxes has been provided for CHS in these financial statements.

16. BLENDED COMPONENT UNITS

The following is a summary of the receivables and payables between and among the University and the blended component units at June 30, 2013.

	Due From	Due To
The University		
University Medical Associates - current		\$ 26,122,509
Medical University Facilities Corporation - current		\$ 974,508
CHS Development Company - current		1,152,334
		\$ 2,126,842
Medical University Facilities Corporation - noncurrent		\$ 2,574,676
CHS Development Company - noncurrent		15,988,280
		\$ 18,562,956
University Medical Associates		
The University - current	\$ 26,122,509	
Nonmajor Enterprise Funds		
Medical University Facilities Corporation		
The University - current	\$ 974,508	
The University - noncurrent	\$ 2,574,676	
CHS Development Company		
The University - current	\$ 1,152,334	
The University - noncurrent	\$ 15,988,280	

University Medical Associates

Revenue from the activities of University Medical Associates is available to pay its operating expenses and support activities of the academic departments at the Medical University of South Carolina including faculty and staff compensation. Any excess may be paid to the University or retained within UMA for future use. Pursuant to this practice, UMA provided support to the University totaling \$59,793,098 for the year ended June 30, 2013. This support is reported as interfund transfers.

On April 20, 2003, the University and UMA entered into an agreement whereby UMA will provide patient care to Medicaid recipients in appropriate clinical and educational settings. The University will reimburse UMA in an amount equal to the supplemental payment made to the University by the South Carolina Department of Health and Human Services (SC DHHS). Payments to the University from SC DHHS are made in accordance with a South Carolina Medicaid Plan amendment which provides reimbursement for inherent inefficiencies of providing care to Medicaid patients while instructing medical students. For the fiscal year ended June 30, 2013, the University reported revenue of \$42,092,581 from SC DHHS and an expense to UMA of \$42,092,581. These amounts include approximately \$0.5 million related to changes in the prior year receivable from the South Carolina Medicaid Plan. The South Carolina

MEDICAL UNIVERSITY OF SOUTH CAROLINA

Medicaid Plan is an important source of patient care funding for UMA. There can be no assurance that UMA will continue to qualify for future participation in the South Carolina Medicaid Plan or that the Plan will not ultimately be discontinued or materially modified. Any material reduction in the funding received from the Plan would have a correspondingly material adverse effect on UMA's operations.

UMA amounts due from the University as of June 30, 2013, were as follows:

Description	Amount
Agency fund amount in excess of prepaid	\$ 31,336
Rental income	56,057
Supplemental Medicaid payments	25,472,550
Salary reimbursements	108,652
Other receivables	453,914
Net due (to) from the University	<u>\$ 26,122,509</u>

The above amount is reflected on the Statement of Net Position as Due from other funds.

The physicians of UMA practice medicine at the Authority facilities and perform various services under several cooperative agreements which resulted in the net payment from the Authority to UMA of approximately \$46,896,097 during the fiscal year ended June 30, 2013 which includes the ambulatory patient care and clinical education and other agreements below.

UMA and the Authority have entered into an agreement whereby UMA will be reimbursed an annual fixed amount for providing an environment for ambulatory and community based primary care clinical education and research for University residents and students. UMA will also be reimbursed for applicable shared costs of their joint revenue cycle operations. In addition, UMA shall be entitled to reimbursement for, but not limited to: expenses for facilities necessary to perform this agreement, personnel costs, insurance, necessary supplies and equipment and necessary capital improvements. The parties agree each year to an estimated budget to be paid ratably over the year to UMA as reimbursement of its costs. The following reflects the activity reported under this agreement for the fiscal year ended June 30, 2013:

Revenues:	
Ambulatory Care and Authority revenue cycle support	\$ 6,076,841
Operating Expenses:	
Ambulatory Care and Authority revenue cycle support	(4,369,595)
Interest expense allocated to Agreement	(1,707,246)
Change in net position	<u>\$ -</u>

UMA and the Authority have entered into an agreement to provide emergency care services to patients. This agreement is renewed annually and can be terminated by either party upon 120 days written notice. UMA has responsibility for the management of the daily operations of the emergency services. Any net gain or loss from operations of the Authority emergency care services is shared equally as defined in the financial accountability and distribution plan. Under the Authority portion of the agreement, UMA is paid a 12% billing fee based on net patient revenues generated by the Authority and is reimbursed for all costs in excess of revenues. For the year ending June 30, 2013, UMA collected billing fees of \$747,334.

UMA has entered into a managed care contract and reimbursement agreement with the Authority. UMA performs services regarding managed care operations for the Authority and its affiliates, including arranging for contracts with various third party payers. The agreement is renewed annually and may be terminated, by either party, 30 days prior to the expiration of the term in effect. All costs from these operations of the managed care services are shared as follows: UMA (40%), Carolina Management Services (CHMS), a blended unit of UMA (10%), and the Authority (50%). For the year ended June 30, 2013, of total managed care costs of \$605,519, the Authority and CHMS shared expenses of \$302,759 and \$60,552, respectively.

UMA also provides billing and collection services to the Authority related to certain limited clinical services, for which UMA receives an administrative fee. Total billings by UMA for these services were approximately \$38,507,990 in fiscal year 2013. The amounts collected and remitted by UMA to the Authority with respect to these billings amounted to approximately \$6,165,161 in fiscal year 2013. The related administrative fee paid by the Authority to UMA amounted to \$728,634 in fiscal year 2013.

During fiscal year 2012, UMA and the Authority agreed to jointly fund (on a 50-50 basis), the cost of the revenue cycle component of the software suite acquired from EPIC Systems Corporation. The total cost of the project, including hardware, consulting services, and ancillary software, is expected to be approximately \$20 million. As of June 30, 2013, UMA has capitalized a total of \$3,021,129 associated with this project, which is expected to be completed in July 2014.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

UMA amounts due (to) from the Authority as of June 30, 2013, were as follows:

Description	Amount
Ambulatory Care and Authority revenue cycle support	\$ (207,578)
Psychiatry Clinical Enterprise Agreement	(144,572)
Patient receivables	(1,774,837)
Salary reimbursements	(439,867)
Managed Care contract	26,909
Rental income	193,691
Electronic medical record system & revenue cycle expenditures	(452,233)
Rutledge Tower renovations	645,777
Other receivables	40,581
Other payables	(203,763)
Net amount due (to) from the Authority	<u>\$ (2,315,892)</u>

The above amount is reflected on the Statement of Net Position as Due to component unit.

Medical University Facilities Corporation

During fiscal year 2013, MUFC recognized interest income of \$446,347 associated with its capital leases with the University.

Pursuant to the trust agreements, MUFC transferred \$1,387,744 of excess funds on deposit to the University during the year ended June 30, 2013.

CHS Development Company

On November 1, 2003, CHS Development Company entered into a ground lease agreement with the Medical University of South Carolina Foundation (MUSCF) as part of a plan of financing the development of the former Charleston High School property for use by the University. The ground lease required CHS to prepay rent of \$3,140,000 to MUSCF. The prepayment is being amortized on a straight line basis over 20 years. Amortization expense of \$156,349 was recorded for the year ended June 30, 2012. The lease terminates on the earlier of December 1, 2035, or the date that the related bonds are paid in full. On November 1, 2003, CHS also entered into a lease agreement with the University. Under the terms of the agreement, the University will lease from CHS the site and all improvements thereon, including the buildings. The term of the lease began on March 1, 2005 and ends on January 1, 2025. During fiscal year 2013, CHS recognized interest income of \$774,091 associated with its capital lease with the University.

During fiscal year 2012, the University transferred \$517,772 to CHS as reimbursement for costs incurred in financing the CHS project.

17. DISCRETELY PRESENTED COMPONENT UNITS

Only MUSCF and MFRD report under Financial Accounting Standards Board (FASB) standards. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met by actions of the organization and/or passage of time.

Unrestricted Undesignated Net Assets – Net assets not subject to donor-imposed restrictions.

Unrestricted Designated Net Assets – Net assets not subject to donor-imposed restrictions but subject to the organization's board-imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

MFRD recognizes grant and contract revenue based upon work performed at the reporting date under specific contract terms. License fee and royalty income is recognized based on agreement milestones. MFRD recognizes revenue from registration and seminar fees once the event is complete.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Medical University Hospital Authority

Effective June 16, 2000, the University and the Authority entered into an affiliation agreement which outlines the availability of facilities, use of house staff, and insurance coverage. The affiliation agreement has been renewed several times since June 2000. The most recent renewal is effective from July 1, 2013 through June 30, 2018.

The University billed the Authority \$102,100,870 during the fiscal year ended June 30, 2013 for the use of interns and residents, professional services of the College of Medicine, physical plant, rent, public safety, and other administrative and financial services. The University paid the Authority approximately \$2,036,000 during the fiscal year ended June 30, 2013 for rent, various administrative and support services.

The Authority amounts due (to) from the University as of June 30, 2013, were as follows:

Description	Amount
Medical resident FICA (see note 22) due from University	\$ (1,534,147)
Amounts due to the University	9,785,715
Net due from the University	<u>\$ 8,251,568</u>

The Authority and the University entered into an agreement in fiscal year 2007 whereby the Authority will provide patient care to Medicaid and medically indigent patients, and appropriate clinical and educational settings for patient care, education and research to all residents and students of the University. In exchange for these services, the University will reimburse the Authority an amount equal to the appropriation transfer from the South Carolina Department of Health and Human Services. For the fiscal year ended June 30, 2013, the University reported State appropriations revenue of \$18,628,621 and an operating expense to the Authority of \$18,628,621. Since this payment relates directly or indirectly to patient care, the Authority has included this amount in net patient service revenue.

Medical University of South Carolina Foundation

The University provides office space and pays certain administrative costs for MUSCF which are reimbursed throughout the year. MUSCF provided support to the University for general and departmental expenses totaling \$12,436,597 in fiscal year 2013. The University recorded this revenue as gifts. In addition, the University received from MUSCF in fiscal year 2012, \$159,926 in donated capitalized equipment and \$622,507 in equipment and services expensed by the University. The amount due the University for gifts from MUSCF at June 30, 2013, net of \$746,168 owed by the University to MUSCF, was \$801,819.

During fiscal year 2013, MUSCF leased various properties via operating leases to the University, the Authority, and UMA. In addition, as described in Note 13, during fiscal year 2009, MUSCF entered into capital lease agreements with the University.

MUSCF has an agreement with the University which allows the University to make periodic deposits to MUSCF of the corpus of endowments received by the University primarily from the South Carolina Commission on Higher Education under the SmartState Centers of Economic Excellence program. MUSCF will provide earnings to the University at the investment earnings rate, net of investment fees, of the pooled investments of MUSCF. After the first twelve months held by MUSCF, the principal is due with thirty days written notice by the University. The balance owed under this agreement at June 30, 2013 is \$88,577,093 which includes accrued interest and realized and unrealized net gains and losses of \$10,233,108.

MUSCF acquired the Rutledge Tower building in 1993 and leased the properties to UMA. During April 1996, MUSCF's board of directors passed a resolution to transfer the title on Rutledge Tower and associated facilities to the University at the end of the lease term which is the later of (1) June 30, 2024, or (2) the date on which all principal of and premium, if any, and interest on the direct note obligations have been paid. This was considered a contribution by MUSCF, and was recorded by MUSCF as a contribution payable and contribution expense in 1996 at the value of the land, \$17,852,400. The buildings and equipment do not have a residual value at the end of the lease. The pledge has not been recorded by the University because the net realizable value is not readily determinable and because of the uncertainties created by the fact that the transfer will not be made until the end of the lease term.

MUSC Foundation for Research Development

MFRD has entered into an annual contract with the University to provide management services for research and intellectual property activities. The agreement incorporates the contractual obligations for the intellectual property activities and addresses insurance, indemnity and other basic contractual obligations. Additionally, the agreement requires an annual accounting of the state property, personnel and resources used directly by MFRD, as well as reimbursement or demonstration that adequate in-kind reimbursement through provision of funds or services to the University has been made. The agreement provides for automatic annual renewal unless either party notifies the other six months prior to the renewal date. MFRD recognized support of \$1,050,000 related to this agreement during the fiscal year ended June 30, 2013.

The University has assigned the rights to certain intellectual property owned by the University to MFRD. MFRD incurs the cost of patent prosecution and commercialization of the intellectual property. Legal fees and other costs associated with patent prosecution are expensed as incurred as the future economic benefits are uncertain and not measurable.

As of June 30, 2013, the net amount due the University from MFRD was \$254,517.

18. RISK MANAGEMENT

The University and its component units are exposed to various risks of loss and maintain State or commercial insurance coverage for each of those risks except health and dental insurance claims for UMA which are self-insured. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded this coverage in any of the past three years. State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of State employees for unemployment compensation benefits (Employment Security Commission);
2. Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
3. Claims of covered employees for health and dental insurance benefits (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group-life insurance benefits (Office of Insurance Services).

Employees elect health coverage either through a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following activities:

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles and watercraft;
4. Torts;
5. Business interruptions;
6. Natural disasters;
7. Medical malpractice claims against covered clinics, hospitals, employees, and third- and fourth-year medical students.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtain coverage through commercial insurers for employee fidelity insurance for all employees for losses arising from theft or misappropriation as well as for Directors and Officers insurance and extra general liability insurance. The University also obtains coverage through a commercial insurer for a second layer of professional liability insurance for certain practitioners practicing outside the State of South Carolina.

UMA and its component units are exposed to various risks related to: torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. UMA, as the recognized clinical practice plan of the Medical University of South Carolina (MUSC), is granted statutory protection and recovery limitations for MUSC physicians' clinical activities. Pursuant to State law, these physicians are insured by the South Carolina Insurance Reserve fund which is sustained through premiums paid by State agencies and governmental entities. For coverage of all other individuals and activities, UMA maintains coverage from commercial insurance companies. Management believes these coverages are sufficient to preclude any significant uninsured losses to UMA from risks that occur in normal and expected activities. Funds administered by the State of South Carolina or commercial insurance covers the following risks: 1) unemployment and worker's compensation benefits, 2) long-term disability benefits for employees, 3) theft of assets, 4) damage to property, and 5) tort liability claims including error and omissions. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits. Settlement amounts have not exceeded insurance coverage for the current or preceding three years. Insurance coverage has been consistently maintained over this period with no significant reductions in coverage.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

UMA also purchases a portion of its medical malpractice insurance coverage for healthcare providers through the State's insurance enterprises, the Medical Malpractice Patients' Compensation fund and the Joint Underwriters Association, with the majority of practicing physicians being covered by the State Insurance Reserve Fund discussed above. UMA obtains employee fidelity bond insurance coverage through a commercial insurer for all employees for losses arising from theft or misappropriation.

UMA and its component units provide employee life and disability benefits through commercial insurance companies and have established an employee benefit plan to self-insure employees for health, accident, and dental expenses. UMA records an estimated liability for incurred but not reported claims for this self-insured plan based on estimates of the ultimate cost of reported claims using the gross method. This liability is included in "Payables and accrued liabilities" on the Statement of Net Position. Changes in the incurred but not reported claims liability for fiscal years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Liability balance - beginning	\$ 954,000	\$ 868,505
Current year claims and changes in estimates	8,489,656	7,771,682
Claims payments	(8,192,656)	(7,686,187)
Liability balance - ending	\$ 1,251,000	\$ 954,000

19. OPERATING EXPENSES BY FUNCTION

Operating expenses of the University by functional classification for the year ended June 30, 2013 are as follows:

	Compensation and Employee Benefits	Services and Supplies	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 108,643,669	\$ 84,729,590	\$ 735	\$ 1,745,005	-	\$ 195,118,999
Research	111,816,592	61,005,151	164,372	5,490,835	-	178,476,950
Public service	36,690,849	8,797,701	1,192	90,469	-	45,580,211
Academic support	30,930,751	13,917,100	6,260	178,084	-	45,032,195
Student services	6,542,338	1,799,713	-	46,304	-	8,388,355
Institutional support	25,016,732	13,488,201	180,620	-	-	38,685,553
Operation and maintenance of plant	18,314,843	11,473,349	12,468,918	-	41,088,321	83,345,431
Scholarships and fellowships	-	-	-	3,320,937	-	3,320,937
Auxiliary enterprises	3,421,268	6,723,907	510,073	8,000	-	10,663,248
	\$ 341,377,042	\$ 201,934,712	\$ 13,332,170	\$ 10,879,634	\$ 41,088,321	\$ 608,611,879

20. DONOR RESTRICTED ENDOWMENTS

Endowments are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized. The University's endowments require that the income be used for specific purposes. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purpose for which the endowment was established. Cumulative net realized and unrealized gains and losses, net of earned interest income, totaled \$10,233,108 at June 30, 2013.

In fiscal year 2013, the University received endowment funding totaling \$2,512,213 from the South Carolina Commission on Higher Education for the SmartState Centers of Economic Excellence (COEE). This program funds endowed chair professorships, which are to be used "to recruit and maintain leading scientists and engineers at the senior research universities of South Carolina for the purpose of developing and leveraging the research capabilities of the universities for the creation of well-paying jobs and enhanced economic opportunities for the people of South Carolina." In addition to the COEE funding, the University received, in fiscal year 2013, \$37,000 for other endowed purposes.

21. MEDICAL RESIDENT FICA RECEIVABLE

In March 2010, the Internal Revenue Service (IRS) published its administrative determination that, based on the "student exception", medical residents are exempt from Federal Insurance Contributions Act (FICA) payroll taxes for tax periods ending prior to April 1, 2005, the date new IRS regulations went into effect. The University timely filed protective claims with the IRS for medical resident FICA taxes paid for the period January 1, 1996 through March 31, 2005 and is expecting a refund from IRS for the FICA taxes paid during this period. In February 2011, the University perfected its refund claims and then estimated that it was due a refund of approximately \$13.0 million for FICA taxes paid and approximately \$11.7 million for interest on the overpayment, for a total refund of approximately \$24.7 million.

As of June 30, 2012, the University had a receivable of \$22,241,258 representing the refund due net of a valuation allowance. During fiscal year 2013, the University eliminated the valuation allowance by recording an additional \$2,409,918 in interest on the overpayment. Also during fiscal year 2013, the University received a total of \$20,711,175 in payments from IRS. As of June 30, 2013, the remaining receivable due from IRS was \$3,940,001.

Since the Authority, as the predominant contractual user of the University's medical residents, previously reimbursed the University for the majority of the compensation costs of the University's medical residents, the University has agreed to remit to the Authority approximately 90% of the total expected refund (approximately \$22.2 million). During fiscal year, 2013, the University remitted the \$20.7 million received from IRS to the Authority. The balance due the Authority as of June 30, 2013 was appropriately \$1.5 million.

In the University's Statement of Net Position, the remaining amount of the estimated FICA tax and interest due from the IRS is included in Receivables, net, (see Note 3) and the remaining amount due the Authority is included in Due to Component Units (see Note 18).

MEDICAL UNIVERSITY OF SOUTH CAROLINA

22. INFORMATION FOR STATEMENT OF ACTIVITIES

	Fiscal Year 2013	Fiscal Year 2012	Increase (Decrease)
The University			
Charges for services	\$ 444,862,453	\$ 416,780,069	\$ 28,082,384
Operating grants and contributions	32,272,814	30,599,398	1,673,416
Capital grants and contributions	4,710,654	5,362,466	(651,812)
Less: expenses	(620,922,050)	(599,510,402)	(21,411,648)
Net program expense	(139,076,129)	(146,768,469)	7,692,340
Additions to permanent endowments	2,549,213	9,748,489	(7,199,276)
Transfers:			
State appropriations	82,324,884	79,017,610	3,307,274
Capital appropriations	11,210,334	4,877,511	6,332,823
Research infrastructure bond proceeds	2,069,311	16,282,224	(14,212,913)
Other transfers in from state agencies/funds	60,663,070	53,916,596	6,746,474
Less: transfers out to state agencies/funds	(182,206)	(121,256)	(60,950)
Total general revenue and transfers	158,634,606	163,721,174	(5,086,568)
Change in net position	19,558,477	16,952,705	2,605,772
Net position - beginning	599,150,951	582,198,246	16,952,705
Net position - ending	\$ 618,709,428	\$ 599,150,951	\$ 19,558,477
University Medical Associates			
Charges for services	\$ 318,329,215	\$ 307,216,936	\$ 11,112,279
Operating grants and contributions	17,760,904	16,901,450	859,454
Less: expenses	(268,771,226)	(259,807,545)	(8,963,681)
Net program revenue	67,318,893	64,310,841	3,008,052
Transfers out to state agencies/funds	(59,793,098)	(54,569,841)	(5,223,257)
Total general revenue and transfers	(59,793,098)	(54,569,841)	(5,223,257)
Change in net position	7,525,795	9,741,000	(2,215,205)
Net position - beginning	207,904,910	198,163,910	9,741,000
Net position - ending	\$ 215,430,705	\$ 207,904,910	\$ 7,525,795
Nonmajor Enterprise Funds			
Medical University Facilities Corporation			
Operating grants and contributions	\$ 479,001	\$ 633,285	\$ (154,284)
Less: expenses	(424,466)	(593,918)	169,452
Net program revenue	54,535	39,367	15,168
Transfers out to state agencies/funds	(1,387,744)	(36,464)	(1,351,280)
Total general revenue and transfers	(1,387,744)	(36,464)	(1,351,280)
Change in net position	(1,333,209)	2,903	(1,336,112)
Net position - beginning	1,367,828	1,364,925	2,903
Net position - ending	\$ 34,619	\$ 1,367,828	\$ (1,333,209)
CHS Development Company			
Operating grants and contributions	\$ 852,253	\$ 978,281	\$ (126,028)
Less: expenses	(1,119,127)	(1,381,255)	262,128
Net program expense	(266,874)	(402,974)	136,100
Transfers in from state agencies/funds	517,772	689,709	(171,937)
Total general revenue and transfers	517,772	689,709	(171,937)
Change in net position	250,898	286,735	(35,837)
Net position - beginning	991,426	704,691	286,735
Net position - ending	\$ 1,242,324	\$ 991,426	\$ 250,898

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MEDICAL UNIVERSITY OF SOUTH CAROLINA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2013

	Medical University Facilities Corporation	CHS Development Company	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables, net	7,347	1,697	9,044
Prepaid items	-	156,349	156,349
Restricted assets			
Cash and cash equivalents	-	475,837	475,837
Investments	316,168	698,054	1,014,222
Interfund receivables	974,508	1,152,334	2,126,842
Other current assets	16,928	27,120	44,048
Total current assets	1,314,951	2,511,391	3,826,342
Noncurrent Assets			
Restricted assets			
Investments	213,000	-	213,000
Interfund receivables	2,574,676	15,988,280	18,562,956
Prepaid items	-	1,489,852	1,489,852
Other noncurrent assets	38,088	284,758	322,846
Total noncurrent assets	2,825,764	17,762,890	20,588,654
Total assets	4,140,715	20,274,281	24,414,996
LIABILITIES			
Current liabilities			
Payables and accrued liabilities	75,096	305,425	380,521
Long-term liabilities	992,000	1,284,236	2,276,236
Total current liabilities	1,067,096	1,589,661	2,656,757
Noncurrent liabilities			
Long-term liabilities	3,039,000	17,442,296	20,481,296
Total noncurrent liabilities	3,039,000	17,442,296	20,481,296
Total liabilities	4,106,096	19,031,957	23,138,053
NET POSITION			
Restricted			
Expendable for:			
Debt service	34,619	1,242,324	1,276,943
Total net position	\$ 34,619	\$ 1,242,324	\$ 1,276,943

See accompanying independent auditors' report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Medical University Facilities Corporation</u>	<u>CHS Development Company</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues			
Interest income (used as security for revenue bonds and notes)	\$ 446,347	\$ 852,253	\$ 1,298,600
Other operating revenues	32,654	-	32,654
Total operating revenues	<u>479,001</u>	<u>852,253</u>	<u>1,331,254</u>
Operating expenses			
Services and supplies	-	1,072	1,072
Interest expense	387,844	917,793	1,305,637
Amortization	36,622	200,262	236,884
Total operating expenses	<u>424,466</u>	<u>1,119,127</u>	<u>1,543,593</u>
Operating income (loss)	<u>54,535</u>	<u>(266,874)</u>	<u>(212,339)</u>
Income (loss) before other revenues, expenses gains, losses, and transfers	54,535	(266,874)	(212,339)
Interfund transfers	<u>(1,387,744)</u>	<u>517,772</u>	<u>(869,972)</u>
Change in net position	<u>(1,333,209)</u>	<u>250,898</u>	<u>(1,082,311)</u>
Net position at beginning of year	<u>1,367,828</u>	<u>991,426</u>	<u>2,359,254</u>
Net position at end of year	<u>\$ 34,619</u>	<u>\$ 1,242,324</u>	<u>\$ 1,276,943</u>

See accompanying independent auditors' report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Medical University Facilities Corporation	CHS Development Company	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	\$ -	\$ (1,072)	\$ (1,072)
Net cash provided by operating activities	-	(1,072)	(1,072)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from refunded notes payable	-	19,290,000	19,290,000
Principal paid on bonds and notes payable	-	(19,290,000)	(19,290,000)
Interfund transfers received	-	517,772	517,772
Interfund transfers paid	(1,387,744)	-	(1,387,744)
Net cash provided (used) by noncapital financing activities	(1,387,744)	517,772	(869,972)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt and leases	(4,033,000)	(5,200,000)	(9,233,000)
Interest paid on capital debt and leases	(413,916)	(1,135,400)	(1,549,316)
Payment of fees and issuance costs	-	(325,437)	(325,437)
Net cash (used) by capital and related financing activities	(4,446,916)	(6,660,837)	(11,107,753)
CASH FLOWS FROM INVESTING ACTIVITIES			
Collection of interfund receivables	3,994,339	1,103,225	5,097,564
Interest received on interfund receivables	437,511	774,091	1,211,602
Purchases of investments	(1,277,670)	(2,808,019)	(4,085,689)
Proceeds from sales and maturities of investments	1,277,670	2,837,428	4,115,098
Interest on investments	32,927	78,578	111,505
Net cash provided by investing activities	4,464,777	1,985,303	6,450,080
Net increase (decrease) in cash and cash equivalents	(1,369,883)	(4,158,834)	(5,528,717)
Cash and cash equivalents at beginning of year	1,369,883	4,634,671	6,004,554
Cash and cash equivalents at end of year	\$ -	\$ 475,837	\$ 475,837
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 54,535	\$ (266,874)	\$ (212,339)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Amortization	36,622	200,262	236,884
Interest income	(479,001)	(852,253)	(1,331,254)
Interest expense	387,844	917,793	1,305,637
Net cash provided by operating activities	\$ -	\$ (1,072)	\$ (1,072)

See accompanying independent auditors' report.

Statistical Section
(unaudited)

STATISTICAL SECTION (UNAUDITED)

This section of the comprehensive annual financial report for the Medical University of South Carolina (MUSC) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about its overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Accreditation Statement	77

Revenue Capacity

These schedules contain information to help assess some of the factors affecting the ability of MUSC to generate revenues.

Schedule of Revenues By Source	78-79
Annual Tuition By College – University.....	94
Sources of Gross Clinical Service Charges – UMA	96

Financial Trends

These schedules contain trend information to help understand how the financial performance and well-being of MUSC have changed over time.

Schedule of Expenses By Use	80-81
Schedule of Expenses By Function - University	82-83
Schedule of Net Position	84
Schedule of Changes in Net Position	85

Debt Capacity

These schedules present information to help assess the affordability of the current level of outstanding debt for MUSC and its ability to issue additional debt in the future.

Schedule of Ratios of Outstanding Debt - Primary Government	86
Schedule of Bond Coverage - University	87
Schedule of Ratios of Outstanding Debt – University	88
Schedule of Pledged Revenue Coverage – UMA	89

Operating Information

These schedules contain information about the operations and resources of MUSC to help understand and assess its economic condition.

Enrollment Statistics – University	90
University Enrollment by Race/Ethnicity and Gender (graph)	91
Admissions and Degree Statistics – University.....	92
University Admissions (graph).....	93
Outpatient Visits By Specialty – UMA	95
Employee Statistics – University.....	97
Employee Statistics – UMA	98
Schedule of Capital Asset Information – University	99

Demographic and Economic Information

These schedules offer demographic and economic indicators to help understand the environment within which MUSC operates.

Demographic Statistics – State of South Carolina	100
Ten Largest Employers – State of South Carolina.....	101

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ACCREDITATION STATEMENT

The Medical University of South Carolina is fully accredited by the Southern Association of Colleges and Schools (SACS), which can be contacted at 1866 Southern Lane, Decatur, GA, 30033-4097, telephone (404) 679-4500. Accreditation allows MUSC to award bachelor degrees, master degrees, doctoral and professional degrees. Additionally, each college or program is accredited by numerous national, professional, and specialized accrediting bodies. Documents describing accreditation, approval, or licensing of programs are available for review in each college dean's office by appointment.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Revenues	For the Year Ended June 30, (amounts expressed in thousands \$)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
The University										
Student tuition and fees (net of scholarship allowances)	\$ 82,352	\$ 76,850	\$ 69,197	\$ 62,545	\$ 55,377	\$ 49,199	\$ 46,341	\$ 39,934	\$ 34,985	\$ 27,217
Federal grants and contracts	142,467	146,790	154,409	138,760	119,783	117,734	116,302	120,472	121,834	115,469
State grants and contracts	14,596	5,920	4,761	2,936	5,278	6,158	5,368	4,343	5,066	3,392
Local grants and contracts	16	14	11	89	206	65	67	93	105	170
Nongovernmental grants and contracts	30,047	25,499	21,432	22,902	25,852	29,988	20,876	18,176	17,342	14,711
Sales and services provided to Medical University Hospital Authority	102,101	87,912	83,646	68,423	83,025	83,161	70,960	66,973	62,602	60,086
Sales and services of educational and other activities	61,325	62,046	66,506	56,953	53,429	37,850	36,256	34,179	30,842	27,396
Auxiliary enterprises	11,958	11,749	11,038	6,686	9,782	7,470	6,898	5,514	5,248	5,838
Other operating revenues	9,938	11,964	9,672	10,634	10,534	9,901	10,110	8,797	8,304	9,505
Operating revenues	454,800	428,744	420,672	369,928	363,266	341,526	313,178	298,481	286,328	263,784
State appropriations	82,325	79,017	81,659	108,647	116,418	138,157	136,510	103,014	97,656	96,526
Gifts and grants	13,886	13,183	27,449	26,498	13,951	10,985	8,363	7,281	7,905	14,452
Investment income (losses)	8,449	(536)	9,843	6,256	(3,112)	2,472	5,548	1,554	1,448	605
Other nonoperating revenues	-	5,989	1,806	7,445	-	158	-	-	-	-
Nonoperating revenues	104,660	97,653	120,757	148,846	127,257	151,772	150,421	111,849	107,009	111,583
Total Revenues -- The University	\$ 559,460	\$ 526,397	\$ 541,429	\$ 518,774	\$ 490,523	\$ 493,298	\$ 463,599	\$ 410,330	\$ 393,337	\$ 375,367
University Medical Associates										
Net patient service revenue	\$ 312,252	\$ 302,262	\$ 308,747	\$ 293,848	\$ 276,251	\$ 234,901	\$ 217,320	\$ 194,387	\$ 171,898	\$ 160,682
Ambulatory care and primary care agreements	6,077	4,955	4,982	5,409	7,277	8,354	8,409	8,332	8,382	8,547
Other operating revenues	7,659	13,256	8,406	12,491	13,442	11,513	10,280	7,094	4,608	4,320
Operating revenues	325,988	320,473	322,135	311,748	296,970	254,768	236,009	209,813	184,888	173,549
Investment income (losses)	6,644	(131)	9,255	5,229	(4,699)	862	5,540	1,904	1,904	395
Other nonoperating revenues	3,458	3,776	3,921	3,910	3,839	4,060	3,993	4,164	4,071	3,778
Nonoperating revenues	10,102	3,645	13,176	9,139	(860)	4,922	9,533	6,068	5,975	4,173
Total Revenues -- University Medical Associates	\$ 336,090	\$ 324,118	\$ 335,311	\$ 320,887	\$ 296,110	\$ 259,690	\$ 245,542	\$ 215,881	\$ 190,863	\$ 177,722
Nonmajor Enterprise Funds										
Interest income	\$ 1,299	\$ 1,578	\$ 1,757	\$ 1,896	\$ 2,052	\$ 2,273	\$ 2,280	\$ 2,443	\$ 2,037	\$ 1,550
Other operating revenues	32	33	33	33	39	84	100	80	6	-
Operating revenues	1,331	1,611	1,790	1,929	2,091	2,357	2,380	2,523	2,043	1,550
Investment income	-	-	-	-	-	-	-	-	-	2
Other nonoperating revenues	-	-	-	-	-	-	-	-	152	-
Nonoperating revenues	-	-	-	-	-	-	-	-	152	2
Total Revenues -- Nonmajor Enterprise Funds	\$ 1,331	\$ 1,611	\$ 1,790	\$ 1,929	\$ 2,091	\$ 2,357	\$ 2,380	\$ 2,523	\$ 2,195	\$ 1,552
Interfund Capital Leases Elimination	\$ (1,220)	\$ (1,421)	\$ (1,586)	\$ (1,739)	\$ (1,883)	\$ (2,017)	\$ (2,143)	\$ (2,262)	\$ (1,637)	\$ (1,324)
Total Revenues -- Primary Government	\$ 895,661	\$ 850,705	\$ 876,944	\$ 839,851	\$ 786,841	\$ 753,328	\$ 709,378	\$ 626,472	\$ 584,758	\$ 553,317

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Revenues	For the Year Ended June 30, (percent of total revenues)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
The University										
Student tuition and fees (net of scholarship allowances)	9.2%	9.0%	7.9%	7.4%	7.0%	6.6%	6.5%	6.4%	6.0%	4.9%
Federal grants and contracts	15.9%	17.3%	17.6%	16.5%	15.2%	15.6%	16.4%	19.2%	20.8%	20.9%
State grants and contracts	1.6%	0.7%	0.5%	0.4%	0.7%	0.8%	0.8%	0.7%	0.9%	0.6%
Local grants and contracts	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nongovernmental grants and contracts	3.4%	3.1%	2.4%	2.7%	3.3%	4.0%	3.0%	2.9%	3.0%	2.7%
Interest on student loans receivable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interfund Services	11.4%	10.3%	9.5%	8.2%	10.6%	11.1%	10.0%	10.7%	10.7%	10.9%
Sales and services of educational and other activities	6.8%	7.3%	7.6%	6.8%	6.8%	5.0%	5.1%	5.5%	5.3%	5.0%
Auxiliary enterprises	1.3%	1.4%	1.3%	0.8%	1.2%	1.0%	1.0%	0.9%	0.9%	1.0%
Other operating revenues	1.1%	1.4%	1.1%	1.3%	1.3%	1.3%	1.4%	1.5%	1.4%	1.7%
Operating revenues	50.7%	50.5%	47.9%	44.1%	46.1%	45.4%	44.2%	47.8%	49.0%	47.7%
State appropriations	9.2%	9.3%	9.3%	12.9%	14.8%	18.3%	19.2%	16.4%	16.7%	17.4%
Gifts and grants	1.6%	1.5%	3.2%	3.2%	1.8%	1.5%	1.2%	1.2%	1.4%	2.6%
Investment income (losses)	0.9%	-0.1%	1.1%	0.7%	-0.4%	0.3%	0.8%	0.2%	0.2%	0.1%
Other nonoperating revenues	0.0%	0.7%	0.2%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-operating revenues	11.7%	11.4%	13.8%	17.7%	16.2%	20.1%	21.2%	17.8%	18.3%	20.1%
Total Revenues -- The University	62.4%	61.9%	61.7%	61.8%	62.3%	65.5%	65.4%	65.6%	67.3%	67.8%
University Medical Associates										
Net patient service revenue	34.9%	35.5%	35.2%	35.0%	35.1%	31.2%	30.6%	31.0%	29.4%	29.0%
Ambulatory care and primary care agreements	0.7%	0.6%	0.6%	0.6%	0.9%	1.1%	1.2%	1.3%	1.4%	1.5%
Other operating revenues	0.9%	1.6%	1.0%	1.5%	1.7%	1.5%	1.4%	1.1%	0.8%	0.8%
Operating revenues	36.5%	37.7%	36.8%	37.1%	37.7%	33.8%	33.2%	33.4%	31.6%	31.3%
Investment income (losses)	0.7%	0.0%	1.1%	0.6%	-0.6%	0.1%	0.8%	0.3%	0.3%	0.1%
Other nonoperating revenues	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.7%	0.7%	0.7%
Non-operating revenues	1.1%	0.4%	1.5%	1.1%	-0.1%	0.7%	1.4%	1.0%	1.0%	0.8%
Total Revenues -- University Medical Associates	37.6%	38.1%	38.3%	38.2%	37.6%	34.5%	34.6%	34.4%	32.6%	32.1%
Nonmajor Enterprise Funds										
Interest income	0.1%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%
Other operating revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating revenues	0.1%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other nonoperating revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nonoperating revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenues -- Nonmajor Enterprise Funds	0.1%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%
Interfund Capital Leases Elimination	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.3%	-0.3%	-0.4%	-0.3%	-0.2%
Total Revenues -- Primary Government	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF EXPENSES BY USE
LAST TEN FISCAL YEARS**

Expenses	For the Year Ended June 30, (amounts expressed in thousands \$)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
The University										
Compensation and employee benefits	\$ 341,377	\$ 328,526	\$ 315,643	\$ 288,819	\$ 302,542	\$ 289,327	\$ 263,954	\$ 252,358	\$ 240,221	\$ 224,889
Services and supplies	201,935	198,467	203,730	204,134	184,695	179,097	165,251	128,468	121,604	115,544
Utilities	13,332	13,123	11,868	11,145	10,962	9,358	9,360	8,915	7,785	5,525
Scholarships and fellowships	10,880	9,653	9,252	8,614	8,795	9,104	8,897	8,287	8,087	5,750
Depreciation	41,088	40,318	34,687	30,947	27,223	23,287	21,613	18,667	14,065	11,761
Operating expenses	608,612	590,087	575,180	543,659	534,217	510,173	469,075	416,695	391,762	363,469
Refunds to grantors	-	-	319	406	137	240	314	462	381	647
Interest expense	8,071	7,934	9,070	8,677	5,217	4,551	3,675	3,508	3,161	3,059
(Gain) Loss on disposal of capital assets	1,087	1,490	748	959	712	984	286	279	739	(1,415)
Transfers to other state funds	182	121	185	198	250	257	810	327	321	255
Other nonoperating expenses	3,152	-	-	-	36	-	241	-	-	35
Nonoperating expenses	12,492	9,545	10,322	10,240	6,352	6,032	5,326	4,576	4,602	2,581
Total Expenses -- The University	\$ 621,104	\$ 599,632	\$ 585,502	\$ 553,899	\$ 540,569	\$ 516,205	\$ 474,401	\$ 421,271	\$ 396,364	\$ 366,050
University Medical Associates										
Compensation and employee benefits	\$ 193,633	\$ 184,872	\$ 178,441	\$ 174,552	\$ 169,440	\$ 153,815	\$ 132,499	\$ 116,631	\$ 104,277	\$ 97,980
Services and supplies	61,359	59,706	58,494	58,037	55,121	50,070	48,364	45,830	42,150	38,057
Utilities	588	526	547	447	389	317	-	-	-	-
Depreciation	5,540	3,097	3,065	3,135	3,314	2,679	1,611	2,127	2,355	2,616
Operating expenses	261,120	248,201	240,547	236,171	228,264	206,881	182,474	164,588	148,782	138,653
Gifts made	3,178	7,372	9,461	9,914	5,525	6,924	3,162	937	156	138
Interest expense	4,401	4,168	4,126	4,373	6,363	5,679	5,799	5,860	5,801	5,968
(Gain) Loss on disposal of capital assets	72	66	-	6	221	(245)	2	(4)	(133)	114
Nonoperating expenses	7,651	11,606	13,587	14,293	12,109	12,358	8,963	6,793	5,824	6,220
Total Expenses -- University Medical Associates	\$ 268,771	\$ 259,807	\$ 254,134	\$ 250,464	\$ 240,373	\$ 219,239	\$ 191,437	\$ 171,381	\$ 154,606	\$ 144,873
Nonmajor Enterprise Funds										
Services and supplies	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221	\$ 58	\$ 680
Interest expense	1,305	1,694	1,866	2,031	2,173	2,294	2,415	2,534	1,545	2,114
Amortization	237	281	281	281	281	281	281	281	275	191
Other operating expenses	-	-	-	-	-	-	-	-	-	270
Operating expenses	1,543	1,975	2,147	2,312	2,454	2,575	2,696	3,036	1,878	3,255
Nonoperating expenses	-	-	-	-	-	-	-	-	-	-
Total Expenses -- Nonmajor Enterprise Funds	\$ 1,543	\$ 1,975	\$ 2,147	\$ 2,312	\$ 2,454	\$ 2,575	\$ 2,696	\$ 3,036	\$ 1,878	\$ 3,255
Interfund Capital Leases Elimination	\$ (1,220)	\$ (1,421)	\$ (1,586)	\$ (1,739)	\$ (1,883)	\$ (2,017)	\$ (2,143)	\$ (2,262)	\$ (1,637)	\$ (1,324)
Total Expenses -- Primary Government	\$ 890,198	\$ 859,993	\$ 840,197	\$ 804,936	\$ 781,513	\$ 736,002	\$ 666,391	\$ 593,426	\$ 551,211	\$ 512,854

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF EXPENSES BY USE
LAST TEN FISCAL YEARS**

Expenses	For the Year Ended June 30,									
	2013	2012	2011	2010	(percent of total expenses)		2007	2006	2005	2004
					2009	2008				
The University										
Compensation and employee benefits	38.4%	38.2%	37.6%	35.9%	38.7%	39.3%	39.6%	42.5%	43.6%	43.9%
Services and supplies	22.7%	23.1%	24.2%	25.4%	23.7%	24.3%	24.8%	21.6%	22.1%	22.5%
Utilities	1.5%	1.5%	1.4%	1.4%	1.4%	1.3%	1.4%	1.5%	1.4%	1.1%
Scholarships and fellowships	1.2%	1.1%	1.1%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.1%
Depreciation	4.6%	4.7%	4.1%	3.8%	3.5%	3.2%	3.3%	3.2%	2.5%	2.3%
Operating expenses	68.4%	68.6%	68.4%	67.5%	68.4%	69.3%	70.4%	70.2%	71.1%	70.9%
Refunds to grantors	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
Interest expense	0.9%	0.8%	1.1%	1.1%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%
(Gain) Loss on disposal of capital assets	0.1%	0.3%	0.2%	0.1%	0.1%	0.2%	0.0%	0.0%	0.1%	-0.3%
Transfers to other state funds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
Other nonoperating expenses	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nonoperating expenses	1.4%	1.1%	1.3%	1.3%	0.8%	0.8%	0.7%	0.8%	0.9%	0.5%
Total Expenses -- The University	69.8%	69.7%	69.7%	68.8%	69.2%	70.1%	71.1%	71.0%	72.0%	71.4%
University Medical Associates										
Compensation and employee benefits	21.7%	21.5%	21.2%	21.7%	21.7%	20.9%	19.9%	19.7%	18.9%	19.1%
Services and supplies	6.9%	6.9%	7.0%	7.2%	7.1%	6.8%	7.3%	7.7%	7.6%	7.5%
Utilities	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provision for bad debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation	0.6%	0.4%	0.4%	0.4%	0.4%	0.4%	0.2%	0.4%	0.4%	0.5%
Operating expenses	29.3%	28.9%	28.7%	29.4%	29.2%	28.1%	27.4%	27.8%	26.9%	27.1%
Gifts made	0.4%	0.9%	1.1%	1.2%	0.7%	0.9%	0.5%	0.2%	0.0%	0.0%
Interest expense	0.5%	0.5%	0.5%	0.5%	0.8%	0.8%	0.9%	1.0%	1.1%	1.2%
Depreciation on rental property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(Gain) Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nonoperating expenses	0.9%	1.4%	1.6%	1.7%	1.5%	1.7%	1.4%	1.2%	1.1%	1.2%
Total Expenses -- University Medical Associates	30.2%	30.3%	30.3%	31.1%	30.7%	29.8%	28.8%	29.0%	28.0%	28.3%
Nonmajor Enterprise Funds										
Compensation and employee benefits	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Services and supplies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Interest expense	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.4%
Amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
(Gain) Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Operating expenses	0.1%	0.2%	0.2%	0.3%	0.3%	0.4%	0.4%	0.4%	0.3%	0.6%
Nonoperating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenses -- Nonmajor Enterprise Funds	0.1%	0.2%	0.2%	0.3%	0.3%	0.4%	0.4%	0.4%	0.3%	0.6%
Interfund Capital Leases Elimination	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.3%	-0.3%	-0.4%	-0.3%	-0.3%
Total Expenses -- Primary Government	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF EXPENSES BY FUNCTION – UNIVERSITY
LAST TEN FISCAL YEARS**

	For the Year Ended June 30, <i>(amounts expressed in thousands \$)</i>									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses by function:										
Instruction	\$ 195,119	\$ 191,499	\$ 195,634	\$ 187,876	\$ 192,271	\$ 180,898	\$ 164,547	\$ 136,877	\$ 129,898	\$ 121,217
Research	178,477	169,997	169,227	148,542	140,638	130,597	126,864	119,065	117,024	109,516
Public service	45,580	45,137	45,523	43,018	40,452	37,434	33,089	31,337	27,124	25,450
Academic support	45,032	36,898	33,035	36,590	38,332	35,235	32,210	26,739	25,298	24,200
Student services	8,388	8,258	8,596	10,321	9,881	9,605	9,028	7,823	7,194	7,410
Institutional support	38,686	36,400	36,793	37,015	34,203	40,052	36,669	34,475	30,295	29,432
Operation and maintenance of plant	83,346	86,833	72,371	69,385	67,919	66,775	59,770	54,110	47,278	41,298
Scholarships and fellowships	3,321	3,068	3,385	3,176	3,653	3,747	2,022	2,025	3,780	1,676
Auxiliary enterprises	10,663	11,997	10,616	7,736	6,868	5,830	4,876	4,244	3,871	3,270
Refunds to grantors	-	-	319	406	137	240	314	462	381	647
Interest expense	8,071	7,934	9,070	8,677	5,217	4,551	3,675	3,508	3,161	3,059
(Gain) loss on disposal of capital assets	1,087	1,490	748	959	712	984	286	279	739	(1,415)
Transfers to other State funds	182	121	185	198	250	257	810	327	321	255
Other non-operating expenses	3,152	-	-	-	36	-	241	-	-	35
Total expenses by function	\$ 621,104	\$ 599,632	\$ 585,502	\$ 553,899	\$ 540,569	\$ 516,205	\$ 474,401	\$ 421,271	\$ 396,364	\$ 366,050

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

SCHEDULE OF EXPENSES BY FUNCTION – UNIVERSITY
LAST TEN FISCAL YEARS

	For the Year Ended June 30, <i>(percent of total expenses)</i>									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Instruction	31.4%	31.9%	33.4%	33.9%	35.6%	35.0%	34.7%	32.5%	32.8%	33.1%
Research	28.7%	28.4%	28.9%	26.8%	26.0%	25.3%	26.7%	28.3%	29.5%	29.9%
Public services	7.4%	7.5%	7.8%	7.8%	7.5%	7.3%	7.0%	7.4%	6.8%	7.0%
Academic support	7.3%	6.2%	5.6%	6.6%	7.1%	6.8%	6.8%	6.3%	6.4%	6.6%
Student services	1.4%	1.4%	1.5%	1.9%	1.8%	1.9%	1.9%	1.9%	1.8%	2.0%
Institutional support	6.2%	6.1%	6.3%	6.7%	6.3%	7.8%	7.7%	8.2%	7.6%	8.0%
Operation and maintenance of plant	13.4%	14.5%	12.4%	12.5%	12.6%	12.9%	12.6%	12.8%	11.9%	11.3%
Scholarships and fellowships	0.5%	0.5%	0.6%	0.6%	0.7%	0.7%	0.4%	0.5%	1.0%	0.5%
Auxiliary enterprises	1.7%	2.0%	1.8%	1.4%	1.3%	1.1%	1.0%	1.0%	1.0%	0.9%
Refunds to grantors	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%
Interest expense	1.3%	1.3%	1.5%	1.6%	1.0%	0.9%	0.8%	0.8%	0.8%	0.8%
(Gain) loss on disposal of capital assets	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%	-0.4%
Transfers to other State funds	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	0.1%	0.1%
Other non-operating expenses	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF NET POSITION
LAST TEN FISCAL YEARS**

	For the Year Ended June 30, (amounts expressed in thousands \$)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
The University										
Net investment in capital assets	\$ 388,791	\$ 397,994	\$ 399,743	\$ 365,977	\$ 327,486	\$ 320,983	\$ 288,316	\$ 270,028	\$ 247,812	\$ 184,822
Restricted - nonexpendable	79,072	76,514	66,754	52,446	42,430	31,712	23,609	20,669	10,209	943
Restricted - expendable	74,979	52,742	43,905	31,102	26,075	37,191	40,734	26,207	21,324	29,747
Unrestricted	75,867	71,901	71,796	68,914	58,595	50,242	44,896	41,888	39,879	39,996
Net position -- The University	<u>618,709</u>	<u>599,151</u>	<u>582,198</u>	<u>518,439</u>	<u>454,586</u>	<u>440,128</u>	<u>397,555</u>	<u>358,792</u>	<u>319,224</u>	<u>255,508</u>
University Medical Associates										
Net investment in capital assets	45,325	46,071	17,452	11,681	10,563	2,290	2,952	330	(2,414)	(518)
Restricted - expendable	-	-	-	-	-	24,256	22,448	20,377	19,531	16,522
Unrestricted	170,106	161,834	180,712	151,466	124,368	98,406	89,851	66,937	47,243	27,825
Net position -- University Medical Associates	<u>215,431</u>	<u>207,905</u>	<u>198,164</u>	<u>163,147</u>	<u>134,931</u>	<u>124,952</u>	<u>115,251</u>	<u>87,644</u>	<u>64,360</u>	<u>43,829</u>
Nonmajor Enterprise Funds										
Restricted - expendable	1,277	2,359	2,070	1,766	1,496	1,344	1,345	1,047	1,812	1,093
Unrestricted	-	-	-	-	-	(69)	-	-	(8,923)	(8,993)
Net position -- Nonmajor Enterprise Funds	<u>1,277</u>	<u>2,359</u>	<u>2,070</u>	<u>1,766</u>	<u>1,496</u>	<u>1,275</u>	<u>1,345</u>	<u>1,047</u>	<u>(7,111)</u>	<u>(7,900)</u>
Net position - Primary Government	<u>\$ 835,417</u>	<u>\$ 809,415</u>	<u>\$ 782,432</u>	<u>\$ 683,352</u>	<u>\$ 591,013</u>	<u>\$ 566,355</u>	<u>\$ 514,151</u>	<u>\$ 447,483</u>	<u>\$ 376,473</u>	<u>\$ 291,437</u>
Total Primary Government										
Net investment in capital assets	\$ 434,116	\$ 444,065	\$ 417,195	\$ 377,658	\$ 338,049	\$ 323,273	\$ 291,268	\$ 270,358	\$ 245,398	\$ 184,304
Restricted - nonexpendable	79,072	76,514	66,754	52,446	42,430	31,712	23,609	20,669	10,209	943
Restricted - expendable	76,256	55,101	45,975	32,868	27,571	62,791	64,527	47,631	42,667	47,362
Unrestricted	245,973	233,735	252,508	220,380	182,963	148,579	134,747	108,825	78,199	58,828
Net position - Primary Government	<u>\$ 835,417</u>	<u>\$ 809,415</u>	<u>\$ 782,432</u>	<u>\$ 683,352</u>	<u>\$ 591,013</u>	<u>\$ 566,355</u>	<u>\$ 514,151</u>	<u>\$ 447,483</u>	<u>\$ 376,473</u>	<u>\$ 291,437</u>

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	For the Year Ended June 30, <i>(amounts expressed in thousands \$)</i>									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
The University										
Income (loss) before other revenues, expenses, gains or losses	\$ (61,644)	\$ (73,235)	\$ (44,073)	\$ (35,125)	\$ (50,046)	\$ (22,907)	\$ (10,802)	\$ (10,941)	\$ (3,027)	\$ 9,317
State capital appropriations	13,280	21,160	23,638	22,005	2,523	11,382	6,808	5,271	2,868	239
Capital grants and gifts	4,710	5,362	24,402	25,669	6,357	14,863	11,350	13,660	28,182	25,781
Additions to permanent endowments	2,549	9,749	14,293	9,998	10,698	8,080	3,418	10,443	9,250	-
Interfund transfers	60,663	53,917	45,499	41,306	44,926	31,155	27,989	21,135	26,444	16,334
Changes in net position -- The University	<u>19,558</u>	<u>16,953</u>	<u>63,759</u>	<u>63,853</u>	<u>14,458</u>	<u>42,573</u>	<u>38,763</u>	<u>39,568</u>	<u>63,717</u>	<u>51,671</u>
University Medical Associates										
Income before other revenues, expenses, gains or losses	67,319	64,311	81,177	70,423	55,737	40,451	54,105	44,500	36,257	32,849
Interfund transfers	(59,793)	(54,570)	(46,160)	(42,207)	(45,758)	(30,750)	(26,393)	(21,216)	(15,726)	(15,741)
Special item - disposition of primary care practice	-	-	-	-	-	-	(105)	-	-	-
Extraordinary item - relator's legal fee settlement	-	-	-	-	-	-	-	-	-	-
Changes in net position -- University Medical Associates	<u>7,526</u>	<u>9,741</u>	<u>35,017</u>	<u>28,216</u>	<u>9,979</u>	<u>9,701</u>	<u>27,607</u>	<u>23,284</u>	<u>20,531</u>	<u>17,108</u>
Nonmajor Enterprise Funds										
Income (loss) before other revenues, expenses, gains or losses	(212)	(364)	(357)	(383)	(363)	(218)	(316)	(513)	317	(1,703)
Interfund transfers	(870)	653	661	653	584	148	614	633	471	(41)
Liquidation gain	-	-	-	-	-	-	-	8,038	-	-
Extraordinary loss on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Changes in net position -- Nonmajor Enterprise Funds	<u>(1,082)</u>	<u>289</u>	<u>304</u>	<u>270</u>	<u>221</u>	<u>(70)</u>	<u>298</u>	<u>8,158</u>	<u>788</u>	<u>(1,744)</u>
Primary Government										
Total changes in net position	26,002	26,983	99,080	92,339	24,658	52,204	66,668	71,010	85,036	67,035
Net position beginning	809,415	782,432	683,352	591,013	566,355	514,151	447,483	376,473	291,437	224,402
Net position ending	<u>\$ 835,417</u>	<u>\$ 809,415</u>	<u>\$ 782,432</u>	<u>\$ 683,352</u>	<u>\$ 591,013</u>	<u>\$ 566,355</u>	<u>\$ 514,151</u>	<u>\$ 447,483</u>	<u>\$ 376,473</u>	<u>\$ 291,437</u>

Source: The Medical University of South Carolina Comprehensive Annual Financial Report.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF RATIOS OF OUTSTANDING DEBT – PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS**

	For the Year Ended June 30,									
	<i>(dollars expressed in thousands except for debt per capita)</i>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
The University										
General obligation bonds payable	\$ 43,505	\$ 47,660	\$ 52,745	\$ 37,300	\$ 40,690	\$ 43,960	\$ 47,095	\$ 50,590	\$ 54,065	\$ 55,985
State bond anticipation notes	28,000	28,000	30,000	30,000	30,000	30,000	-	-	-	-
Revenue bonds	32,415	33,625	34,785	35,900	36,975	38,000	38,000	-	-	-
Energy note payable	3,215	6,043	7,882	14,374	15,387	-	-	-	-	-
Capital lease obligations	835	1,213	1,555	1,899	3,354	4,569	5,061	3,912	1,102	638
Premium on general obligation bond	1,571	1,920	-	-	-	-	-	-	-	-
Deferred loss on early retirement of bonds	(1,022)	(1,209)	(703)	(783)	(864)	(944)	(1,024)	(1,105)	(1,185)	-
Due to component unit	44,914	45,440	45,927	46,378	46,736	-	-	-	-	-
Interfund payables	20,690	25,787	29,006	32,045	34,920	37,641	40,218	42,656	44,968	21,848
Total debt -- The University	\$ 174,123	\$ 188,479	\$ 201,197	\$ 197,113	\$ 207,198	\$ 153,226	\$ 129,350	\$ 96,053	\$ 98,950	\$ 78,471
University Medical Associates										
Variable rate debt	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 62,085	\$ 85,100	\$ 87,750	\$ 90,250	\$ 92,650	\$ 94,550
Notes payable	24,961	24,961	28,801	32,663	36,335	-	-	-	-	-
Capital lease obligations	-	-	-	28	90	151	156	243	242	580
Structured legal settlement	-	-	-	-	-	-	-	-	-	840
Deferred refunding costs	(19,070)	(20,703)	(22,347)	(24,096)	(25,783)	(797)	(847)	(897)	(947)	(997)
Total debt -- University Medical Associates	\$ 67,976	\$ 66,343	\$ 68,539	\$ 70,680	\$ 72,727	\$ 84,454	\$ 87,059	\$ 89,596	\$ 91,945	\$ 94,973
Nonmajor Funds										
Revenue bonds payable	\$ 4,954	\$ 4,954	\$ 5,812	\$ 6,609	\$ 7,350	\$ 8,039	\$ 8,679	\$ 9,274	\$ 9,828	\$ 10,341
Notes payable	27,600	27,600	30,325	32,925	35,405	37,800	40,110	42,335	44,485	45,485
Deferred loss on refinancing	(563)	-	-	-	-	-	-	-	-	-
Premium on notes payable	-	61	67	72	77	83	88	93	99	104
Total debt -- Nonmajor Funds	\$ 31,991	\$ 32,615	\$ 36,204	\$ 39,606	\$ 42,832	\$ 45,922	\$ 48,877	\$ 51,702	\$ 54,412	\$ 55,930
Interfund Capital Leases Elimination	\$ (20,690)	\$ (25,787)	\$ (29,006)	\$ (32,045)	\$ (34,920)	\$ (37,641)	\$ (40,218)	\$ (42,656)	\$ (44,968)	\$ (21,848)
Total debt -- Primary Government	\$ 253,400	\$ 261,650	\$ 276,934	\$ 275,354	\$ 287,837	\$ 245,961	\$ 225,068	\$ 194,695	\$ 200,339	\$ 207,526
Total debt as percentage of personal income	0.16%	0.17%	0.19%	0.19%	0.19%	0.17%	0.17%	0.16%	0.17%	0.19%
Total debt per capita	\$ 54	\$ 56	\$ 60	\$ 60	\$ 64	\$ 55	\$ 52	\$ 46	\$ 48	\$ 50

Source: Medical University of South Carolina Comprehensive Annual Financial Reports

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF BOND COVERAGE – UNIVERSITY
LAST TEN FISCAL YEARS**

(amounts expressed in thousands except for coverage ratio)

State Institution Bonds (Note 1)

Year ending June 30,	Tuition	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2013	\$ 6,924	\$ 6,924	\$ 4,155	\$ 1,988	\$ 6,143	1.13
2012	8,502	8,502	4,060	2,211	6,271	1.36
2011	10,656	10,656	3,505	1,568	5,073	2.10
2010	8,612	8,612	3,390	1,717	5,107	1.69
2009	8,400	8,400	3,270	1,858	5,128	1.64
2008	8,400	8,400	3,135	1,992	5,127	1.64
2007	8,400	8,400	3,495	2,162	5,657	1.48
2006	8,400	8,400	3,475	2,300	5,775	1.45
2005	7,200	7,200	3,120	2,624	5,744	1.25
2004	6,776	6,776	2,565	2,534	5,099	1.33

Revenue Bonds Parking (Note 2)

Year ending June 30,	Parking Revenue	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2013	\$ -	\$ -	\$ -	\$ -	\$ -	-
2012	-	-	-	-	-	-
2011	-	-	-	-	-	-
2010	-	-	-	-	-	-
2009	-	-	-	-	-	-
2008	-	-	-	-	-	-
2007	-	-	-	-	-	-
2006	-	-	-	-	-	-
2005	-	-	-	-	-	-
2004	2,234	2,234	2,155	79	2,234	1.00

Note 1: Bonds secured by tuition revenue.

Note 2: Bonds secured by parking revenue.

Source: The Medical University of South Carolina Controller's Office.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF RATIOS OF OUTSTANDING DEBT – UNIVERSITY
LAST TEN FISCAL YEARS**

	For the Year Ended June 30,									
	<i>(dollars expressed in thousands except for outstanding debt per student)</i>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General obligation bonds payable, net	\$ 44,054	\$ 48,371	\$ 52,042	\$ 36,517	\$ 39,826	\$ 43,016	\$ 47,095	\$ 49,485	\$ 52,880	\$ 55,985
State bond anticipation notes	28,000	28,000	30,000	30,000	30,000	30,000	-	-	-	-
Revenue bonds, net	32,415	33,625	34,785	35,900	36,975	38,000	38,000	-	-	-
Energy note payable	3,215	6,043	7,882	14,374	15,387	-	-	-	-	-
Capital lease obligations	835	1,213	1,555	1,899	3,354	4,569	5,061	3,912	1,102	638
Due to component unit	44,914	45,440	45,927	46,378	46,736	-	-	-	-	-
Interfund payables	20,690	25,787	29,006	32,045	34,920	37,641	40,218	42,656	44,968	21,848
Total outstanding debt	<u>\$ 174,123</u>	<u>\$ 188,479</u>	<u>\$ 201,197</u>	<u>\$ 197,113</u>	<u>\$ 207,198</u>	<u>\$ 153,226</u>	<u>\$ 130,374</u>	<u>\$ 96,053</u>	<u>\$ 98,950</u>	<u>\$ 78,471</u>
Full-time equivalent students	3,101	3,015	2,871	2,776	2,755	2,816	2,777	2,734	2,577	2,381
Outstanding debt per student	\$ 56,151	\$ 62,514	\$ 70,079	\$ 71,006	\$ 75,208	\$ 54,413	\$ 46,948	\$ 35,133	\$ 38,397	\$ 32,957

Note: Outstanding debt per student was calculated using full-time equivalent student enrollment data for the fiscal year's Fall term.

Source: Medical University of South Carolina Comprehensive Annual Financial Reports and Office of Enrollment Services.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

SCHEDULE OF PLEDGED REVENUE COVERAGE – UMA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Net Clinical Service Revenues	Less Operating Expenses	Net Available Revenue	Variable Rate Securities and Notes Payable			Coverage
				Principal	Interest	Total	
2013	\$ 312,252,374	\$ 256,750,184	\$ 55,502,190	\$ 3,791,500	\$ 2,765,778	\$ 6,557,278	8.46
2012	302,262,422	244,593,803	57,668,619	3,791,500	2,897,984	6,689,484	8.62
2011	308,747,008	236,573,700	72,173,308	3,791,500	4,110,334	7,901,834	9.13
2010	293,847,793	232,075,430	61,772,363	3,791,500	4,355,901	8,147,401	7.58
2009	276,251,035	223,545,159	52,705,876	1,579,792	6,668,058	8,247,850	6.39
2008	234,901,456	201,966,544	32,934,912	2,650,000	5,671,047	8,321,047	3.96
2007	217,320,428	178,081,321	39,239,107	2,500,000	5,798,569	8,298,569	4.73
2006	192,331,390	160,078,127	32,253,263	2,400,000	5,866,286	8,266,286	3.90
2005	171,897,964	144,529,159	27,368,805	1,900,000	5,747,368	7,647,368	3.58
2004	160,681,940	134,472,062	26,209,878	2,450,000	5,835,490	8,285,490	3.16

Note: Operating expenses are net of Ambulatory Care Clinical Education Agreement expenses which are fully reimbursed under the agreement.

Source: University Medical Associates Comprehensive Annual Financial Reports.

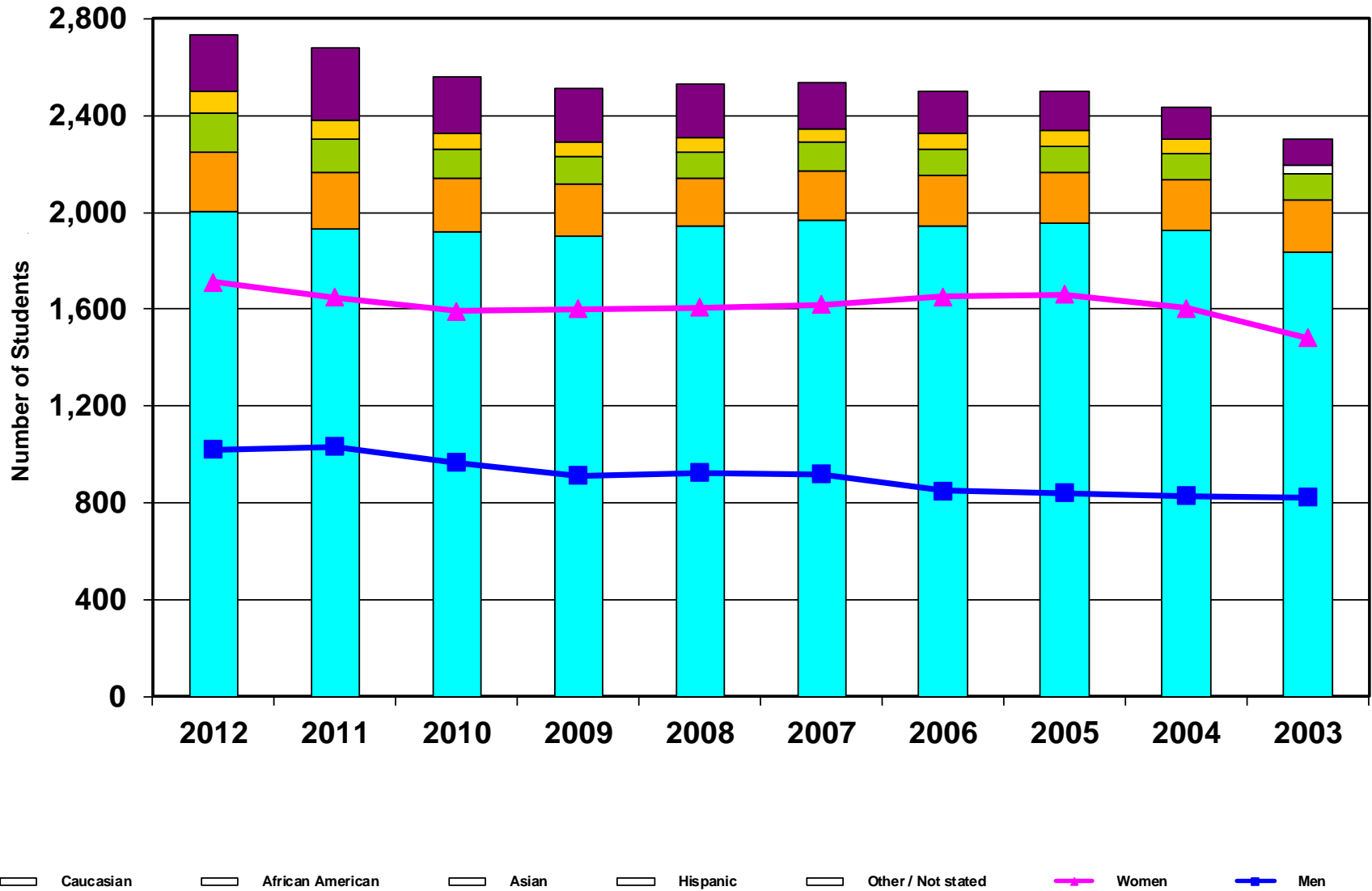
MEDICAL UNIVERSITY OF SOUTH CAROLINA

**ENROLLMENT STATISTICS – UNIVERSITY
LAST TEN ACADEMIC YEARS
FALL ENROLLMENTS**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ENROLLMENT										
LEVEL										
Undergraduate	204	200	237	267	319	272	289	285	353	322
Graduate	1,233	1,211	1,051	1,027	1,032	1,105	1,061	1,082	973	898
First Professional	1,294	1,268	1,272	1,220	1,181	1,161	1,152	1,133	1,108	1,085
STATUS										
Full-Time	2,568	2,518	2,360	2,287	2,261	2,206	2,234	2,046	2,171	2,034
Part-Time	163	161	200	227	271	332	268	454	263	271
ORIGIN										
In State	1,954	1,987	1,939	1,908	1,941	1,934	1,943	1,954	1,974	1,901
Out of State	704	571	580	567	547	565	522	495	415	363
Foreign	73	121	41	39	44	39	37	51	45	41
RACE/ETHNICITY										
Caucasian	2,001	1,931	1,917	1,904	1,942	1,968	1,942	1,958	1,928	1,836
African American	245	231	221	212	198	202	208	204	209	214
Asian	166	141	122	114	110	119	112	113	108	110
Hispanic	87	76	66	60	56	54	64	61	57	35
Other / Not stated	232	300	234	224	226	195	176	164	132	110
GENDER										
Women	1,711	1,648	1,593	1,601	1,607	1,619	1,653	1,660	1,605	1,481
Men	1,020	1,031	967	913	925	919	849	840	829	824
COLLEGES										
Medicine	706	695	697	670	642	620	609	598	594	604
Pharmacy	318	316	320	315	314	319	319	315	297	265
Nursing	439	410	374	351	343	330	339	368	390	364
Graduate Studies	220	240	152	159	182	200	210	238	247	218
Dental Medicine	292	279	255	235	225	222	224	220	217	216
Health Professions	750	723	737	760	802	822	781	735	675	613
Non-Degree Seeking	6	16	25	24	24	25	20	26	14	25
Total enrollment	2,731	2,679	2,560	2,514	2,532	2,538	2,502	2,500	2,434	2,305

Source: Medical University of South Carolina Office of Enrollment Services.

University Enrollment by Race/Ethnicity and Gender



MEDICAL UNIVERSITY OF SOUTH CAROLINA

**ADMISSIONS AND DEGREE STATISTICS – UNIVERSITY
LAST TEN ACADEMIC YEARS
FALL ENROLLMENTS**

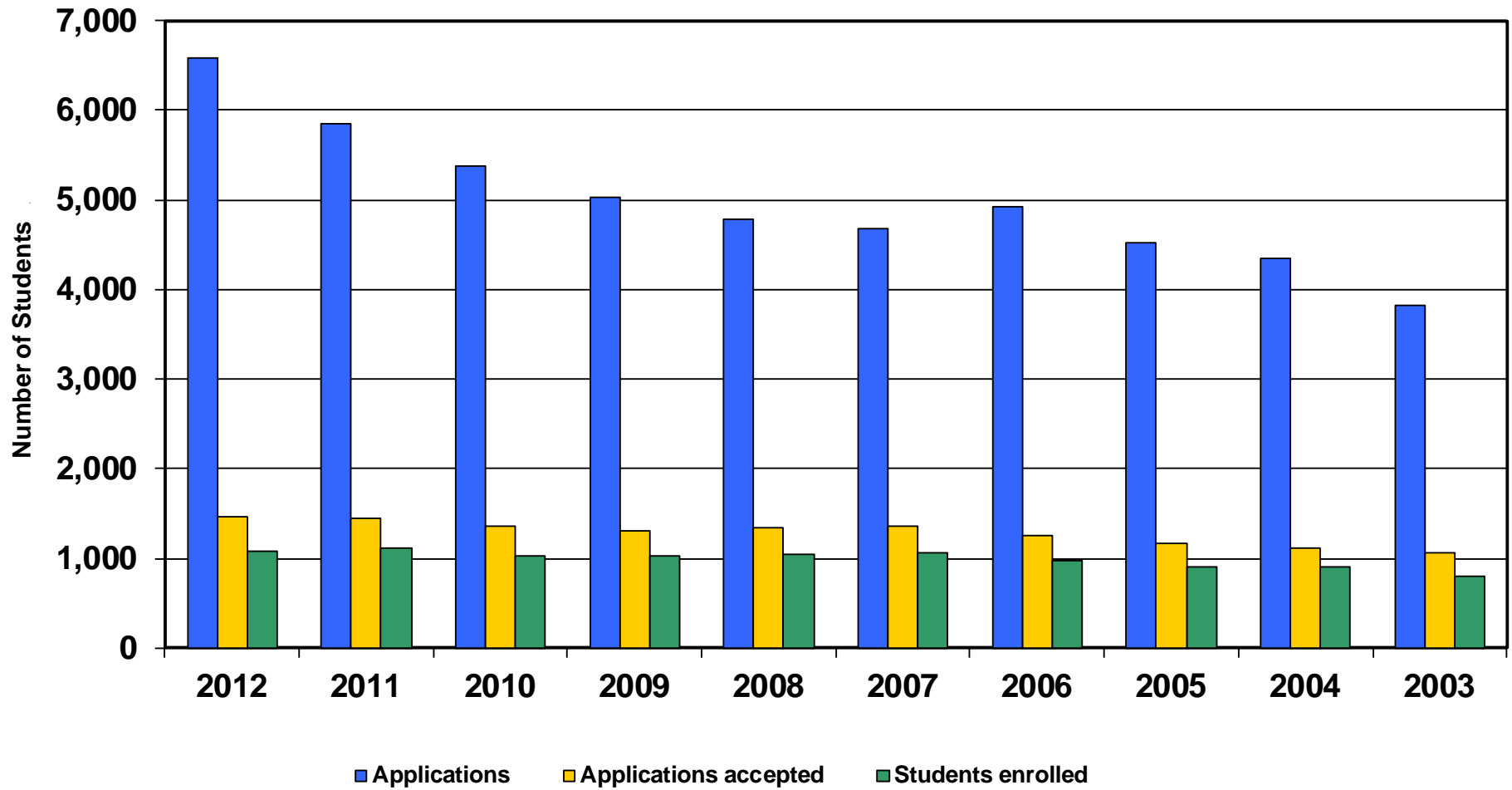
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>ADMISSIONS</u>										
Applications	6,580	5,844	5,379	5,028	4,786	4,673	4,919	4,528	4,346	3,829
Applications accepted	1,457	1,445	1,358	1,307	1,337	1,354	1,256	1,164	1,122	1,064
Percentage of applications accepted	22.1%	24.7%	25.2%	26.0%	27.9%	29.0%	25.5%	25.7%	25.8%	27.8%
Students enrolled	1,071	1,110	1,034	1,020	1,036	1,065	982	902	909	803
Enrolled as a percentage of accepted	73.5%	76.8%	76.1%	78.0%	77.5%	78.7%	78.2%	77.5%	81.0%	75.5%

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>DEGREES GRANTED</u>										
Bachelor	118	146	173	194	172	193	190	188	161	168
Master	300	251	277	292	293	346	306	255	243	245
First Professional	268	293	267	270	276	261	266	243	235	232
Doctoral	159	106	85	114	152	57	29	32	21	40
Total	845	796	802	870	893	857	791	718	660	685

Note: As of 2006, admissions figures include all applicants to The South Carolina College of Pharmacy.

Source: Medical University of South Carolina Office of Enrollment Services.

University Admissions



MEDICAL UNIVERSITY OF SOUTH CAROLINA

**ANNUAL TUITION BY COLLEGE – UNIVERSITY
LAST TEN ACADEMIC YEARS**

<u>RESIDENT</u>										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Undergraduate										
Health Professions	\$ 21,501	\$ 21,051	\$ 20,250	\$ 19,374	\$ 17,361	\$ 16,533	\$ 15,747	\$ 14,316	\$ 8,646	\$ 7,146
Nursing	21,447	21,027	20,316	18,987	17,418	15,837	15,084	13,590	12,135	10,029
Graduate										
Dental Medicine	42,474	40,452	38,162	36,345	31,064	26,551	22,500	19,068	16,024	12,972
Graduate Studies	18,253	18,072	17,049	15,498	14,483	13,166	12,861	12,121	11,664	10,085
Health Professions	23,061	21,243	20,899	21,289	18,338	17,058	16,245	14,316	13,131	11,309
Medicine	33,388	33,388	31,204	29,438	25,598	23,270	21,688	19,716	18,600	15,712
Nursing	23,175	23,175	22,065	21,015	18,765	17,058	16,245	14,766	13,185	10,896
Pharmacy	22,446	21,794	20,757	19,411	17,647	15,330	14,460	13,144	11,878	10,089
<u>NON-RESIDENT</u>										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Undergraduate										
Health Professions	\$ 32,865	\$ 32,415	\$ 30,870	\$ 35,726	\$ 46,767	\$ 44,538	\$ 42,417	\$ 38,562	\$ 36,204	\$ 29,922
Nursing	36,450	35,736	33,399	33,399	30,264	\$ 43,377	41,310	37,215	33,228	27,462
Graduate										
Dental Medicine	74,598	71,045	67,023	63,831	81,455	74,050	62,754	53,181	44,690	36,084
Graduate Studies	26,782	26,517	25,017	22,741	18,192	16,536	16,195	15,296	14,319	13,370
Health Professions	32,985	29,513	27,622	34,329	30,943	34,011	32,391	29,445	27,480	23,657
Medicine	59,852	59,852	55,936	52,770	72,380	65,800	61,344	55,768	52,610	44,442
Nursing	28,659	28,659	36,543	34,803	30,264	27,513	26,202	23,604	21,075	17,418
Pharmacy	33,527	32,550	31,000	29,000	35,294	36,400	34,333	32,270	29,336	27,330

- Notes: 1) Except for Medicine, the tuition calculation includes three semesters (Fall, Spring, and Summer) and does not include web-based programs.
 2) Effective 2009, Medicine discontinued its summer semester. For comparative purposes, all prior years for Medicine have been restated to reflect two semesters (Fall and Spring).
 3) Health Professions tuition calculation reflects an average of the individual programs.
 4) Graduate Studies tuition calculation includes Ph.D. students only.
 5) Pharmacy 2000-2007 reflects MUSC College of Pharmacy; 2008-2009 reflects South Carolina College of Pharmacy.

Source: Medical University of South Carolina Student Accounting Department.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**OUTPATIENT VISITS BY SPECIALTY – UMA
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Specialty							Total
	Medicine	Family Medicine	Obstetrics/ Gynecology	Pediatrics	Ophthalmology	Surgery	All Others	
2013	352,813 31.42%	59,031 5.26%	102,941 9.17%	117,390 10.45%	37,420 3.33%	73,014 6.50%	380,357 33.87%	1,122,966 100.00%
2012	369,079 32.01%	57,454 4.98%	108,943 9.45%	105,986 9.19%	42,624 3.70%	72,351 6.27%	396,644 34.40%	1,153,081 100.00%
2011	380,642 32.87%	84,686 7.31%	112,231 9.69%	106,711 9.22%	45,027 3.89%	74,519 6.44%	354,160 30.58%	1,157,976 100.00%
2010	416,066 36.21%	104,881 9.13%	106,773 9.29%	113,969 9.92%	45,280 3.94%	73,177 6.37%	288,975 25.14%	1,149,121 100.00%
2009	360,190 33.79%	89,541 8.40%	104,763 9.83%	114,216 10.71%	53,049 4.98%	68,354 6.41%	275,993 25.88%	1,066,106 100.00%
2008	282,534 29.67%	77,622 8.15%	106,775 11.21%	111,654 11.72%	53,382 5.61%	63,857 6.71%	256,527 26.93%	952,351 100.00%
2007	258,963 29.12%	77,758 8.74%	99,467 11.18%	107,382 12.07%	52,425 5.89%	61,920 6.96%	231,513 26.04%	889,428 100.00%
2006	254,180 31.53%	69,629 8.64%	84,661 10.50%	101,627 12.61%	45,950 5.70%	55,737 6.91%	194,413 24.11%	806,197 100.00%
2005	238,028 30.72%	72,607 9.37%	91,354 11.79%	98,923 12.77%	42,333 5.46%	53,704 6.93%	177,900 22.96%	774,849 100.00%
2004	141,480 26.67%	64,060 12.07%	61,235 11.54%	55,281 10.42%	36,567 6.89%	35,618 6.71%	136,333 25.70%	530,574 100.00%

Source: University Medical Associates Medical Records System.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SOURCES OF GROSS CLINICAL SERVICE CHARGES – UMA
LAST TEN FISCAL YEARS**

<u>Source</u>	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Medicare	34%	32%	32%	32%	32%	30%	30%	29%	29%	28%
Medicaid	23%	21%	20%	19%	19%	18%	20%	21%	22%	20%
Blue Cross/Blue Shield	23%	25%	25%	25%	26%	25%	25%	25%	24%	23%
Commercial insurance	1%	1%	1%	2%	2%	2%	2%	3%	3%	4%
All other (including Managed Care)	19%	21%	22%	22%	21%	25%	23%	22%	22%	25%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: University Medical Associates Medical Records System.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**EMPLOYEE STATISTICS – UNIVERSITY
LAST TEN FISCAL YEARS
(AS OF JANUARY 1)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Employees										
Permanent Full-time and Part-time Employees										
Full-time classified	1,575	1,553	1,527	1,489	1,582	1,537	1,494	1,522	1,476	1,541
Part-time classified	37	49	49	48	52	52	45	33	42	39
Full-time unclassified	1,235	1,214	1,174	1,146	1,175	1,128	1,084	1,039	1,005	945
Part-time unclassified	266	262	250	242	250	229	233	219	228	225
Total	<u>3,113</u>	<u>3,078</u>	<u>3,000</u>	<u>2,925</u>	<u>3,059</u>	<u>2,946</u>	<u>2,856</u>	<u>2,813</u>	<u>2,751</u>	<u>2,750</u>
Other Categories										
Residents	694	664	642	639	622	592	543	562	565	563
Pre/post doctoral fellows	138	161	143	160	160	197	172	188	203	180
Temporary	1,083	1,092	1,117	1,001	982	1,014	958	947	947	812
Dual employment-other agencies	10	10	4	10	4	14	16	18	20	33
Total	<u>1,925</u>	<u>1,927</u>	<u>1,906</u>	<u>1,810</u>	<u>1,768</u>	<u>1,817</u>	<u>1,689</u>	<u>1,715</u>	<u>1,735</u>	<u>1,588</u>
Total Employees	<u>5,038</u>	<u>5,005</u>	<u>4,906</u>	<u>4,735</u>	<u>4,827</u>	<u>4,763</u>	<u>4,545</u>	<u>4,528</u>	<u>4,486</u>	<u>4,338</u>

Source: Medical University of South Carolina Office of Human Resources Management.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

EMPLOYEE STATISTICS - UMA
LAST TEN FISCAL YEARS

	Full-Time Equivalent Employees as of June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Departmental										
Full-time	447	420	419	389	366	305	282	231	200	193
Part-time	33	13	17	13	17	38	31	28	24	23
Temporary	23	10	8	8	5	9	12	6	5	5
Total Departmental	<u>503</u>	<u>443</u>	<u>444</u>	<u>410</u>	<u>388</u>	<u>352</u>	<u>325</u>	<u>265</u>	<u>229</u>	<u>221</u>
Corporate										
Full-time	336	333	327	325	312	303	311	297	289	294
Part-time	9	1	1	1	6	3	7	7	7	7
Temporary	1	55	2	3	1	1	2	6	6	6
Total Corporate	<u>346</u>	<u>389</u>	<u>330</u>	<u>329</u>	<u>319</u>	<u>307</u>	<u>320</u>	<u>310</u>	<u>302</u>	<u>307</u>
Ambulatory Care										
Full-time	8	12	15	13	16	17	23	18	15	16
Part-time	-	-	-	-	-	1	1	-	-	-
Temporary	-	-	-	-	-	-	-	1	1	1
Total Ambulatory Care	<u>8</u>	<u>12</u>	<u>15</u>	<u>13</u>	<u>16</u>	<u>18</u>	<u>24</u>	<u>19</u>	<u>16</u>	<u>17</u>
Total Employees	857	844	789	752	723	677	669	594	547	545
Vacant Positions	130	177	95	122	70	125	79	41	31	19
Total Authorized Positions	<u>987</u>	<u>1,021</u>	<u>884</u>	<u>874</u>	<u>793</u>	<u>802</u>	<u>748</u>	<u>635</u>	<u>578</u>	<u>564</u>

Notes: Excludes physician members.

Source: University Medical Associates Human Resources.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

**SCHEDULE OF CAPITAL ASSET INFORMATION – UNIVERSITY
LAST TEN FISCAL YEARS**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Academic buildings										
Net assignable square feet (in thousands)	2,779	2,999	2,722	2,611	2,215	2,140	2,100	2,405	2,382	2,208
Administrative and support buildings										
Net assignable square feet (in thousands)	395	421	371	315	412	386	377	474	487	369
Laboratories										
Net assignable square feet (in thousands)	385	402	359	620	356	325	313	309	288	244
Athletic Facilities										
Fitness center	1	1	1	1	1	1	1	1	1	1
Gymnasium	1	1	1	1	1	1	1	1	1	1
Pool	1	1	1	1	1	1	1	1	1	1
Squash courts	2	2	2	1	1	1	2	2	2	2
Indoor racquetball court	4	4	4	4	4	4	4	4	4	4
Outdoor racquetball court	3	3	3	3	3	3	3	3	3	3
Tennis court	4	4	4	4	4	4	4	4	4	4
Transportation:										
Airplane	-	-	-	1	1	1	1	1	1	1
Buses	12	12	12	12	12	10	10	10	10	7
Mobile health units	5	5	5	5	3	3	3	2	2	2
Other vehicles	82	79	73	82	81	88	86	90	84	78

Source: Medical University of South Carolina Planning office & Medical University of South Carolina Property Control office.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

DEMOGRAPHIC STATISTICS
STATE OF SOUTH CAROLINA
LAST TEN FISCAL YEARS

	<u>Population as of July 1 (a)</u>	<u>Total Personal Income (1) (b)</u>	<u>Per Capita Income</u>	<u>Average Annual Unemployment Rate (c)</u>
2012	4,723,723	\$ 161,864	\$ 34,266	9.1%
2011	4,679,230	156,231	33,388	10.3%
2010	4,637,106	149,283	32,193	11.2%
2009	4,589,872	144,343	31,448	11.7%
2008	4,528,996	149,325	32,971	6.9%
2007	4,444,110	142,167	31,990	5.6%
2006	4,357,847	134,197	30,794	6.3%
2005	4,270,150	124,392	29,131	6.7%
2004	4,210,921	117,248	27,844	6.8%
2003	4,150,297	110,660	26,663	6.7%

Note (1): Amounts expressed in millions.

Source: (a) U. S. Census Bureau; (b) U. S. Department of Commerce, Bureau of Economic Analysis; (c) U. S. Department of Labor, Bureau of Labor Statistics

MEDICAL UNIVERSITY OF SOUTH CAROLINA

TEN LARGEST EMPLOYERS
STATE OF SOUTH CAROLINA
LATEST COMPLETED CALENDAR YEAR AND NINE YEARS PRIOR
(listed alphabetically)

2012	2003
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Greenville Hospital System	Michelin North America, Inc.
Michelin North America, Inc.	Palmetto Health Alliance, Inc.
Palmetto Health Alliance, Inc.	U.S. Department of Defense
U.S. Department of Defense	U.S. Postal Service
U.S. Postal Service	University of South Carolina
University of South Carolina	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Westinghouse Savannah River Company

Notes: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Employment Security Commission.