

The Medical University of South Carolina

Charleston, SC

Audited Financial Statements
For the Year Ended
June 30, 2000

Contents

| | |
|---|----|
| State Auditor's Letter | 1 |
| Independent Auditor's Report | 2 |
| Basic Financial Statements | |
| Balance Sheet | 4 |
| Statement of Changes in Fund Balances | 8 |
| Statement of Current Funds Revenues, Expenditures, and Other Changes..... | 10 |
| Statement of Revenues, Expenses, and Changes in Retained Earnings — | |
| Charleston Memorial Hospital | 12 |
| Statement of Cash Flows — Charleston Memorial Hospital..... | 13 |
| Statement of Revenues, Expenses, and Changes in Retained Earnings — | |
| University Medical Associates | 14 |
| Statement of Cash Flows — University Medical Associates..... | 15 |
| Statement of Revenues, Expenses, and Changes in Retained Earnings — | |
| Medical University Facilities Corporation..... | 17 |
| Statement of Cash Flows — Medical University Facilities Corporation..... | 18 |
| Statement of Activities — Pharmaceutical Education and Development Foundation..... | 19 |
| Statement of Cash Flows — Pharmaceutical Education and Development Foundation..... | 20 |
| Statement of Activities — MUSC Foundation for Research Development..... | 21 |
| Statement of Cash Flows — MUSC Foundation for Research Development..... | 22 |
| Statement of Cash Flows — Medical University Hospital Authority..... | 23 |
| Notes to Financial Statements..... | 24 |
| Supplemental Schedules: | |
| Schedule of Unrestricted Current Funds Assets, Liabilities, and Fund Balances..... | 68 |
| Schedule of Unrestricted Current Funds Revenues, Expenditures, and Other Changes..... | 69 |
| Schedule of Revenues and Expenses of The Medical University of South Carolina | |
| Medical Center and Charleston Memorial Hospital..... | 71 |
| Schedule of Net Patient Service Revenue of The Medical University of South Carolina | |
| Medical Center and Charleston Memorial Hospital..... | 72 |
| Schedule of Expenses of The Medical University of South Carolina | |
| Medical Center and Charleston Memorial Hospital..... | 73 |
| Notes to Schedules 3, 4, and 5 of The Medical University of South Carolina | |
| Medical Center and Charleston Memorial Hospital..... | 74 |

State of South Carolina



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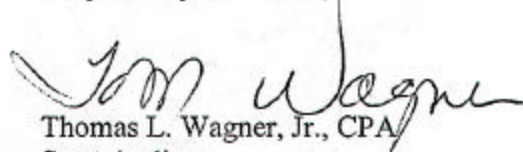
December 8, 2000

The Honorable Jim Hodges, Governor
and
Members of the Board of Trustees
The Medical University of South Carolina
Charleston, South Carolina

This report on the audit of the financial statements of The Medical University of South Carolina for the fiscal year ended June 30, 2000, was issued by Rogers & Laban, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc



ROGERS & LABAN, PA

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Mr. Thomas L. Wagner, Jr., CPA,
State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the accompanying basic financial statements of The Medical University of South Carolina (the University), Charleston, South Carolina as of June 30, 2000, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the basic financial statements, the accompanying financial statements of The Medical University of South Carolina are intended to present the financial position, changes in fund balances, current funds revenues, expenditures, and other changes and the results of operations and cash flows of only that portion of the funds of the State of South Carolina that is attributable to the transactions of the University. The financial statements referred to above include the financial activities of the following component units of the University: Charleston Memorial Hospital; University Medical Associates of The Medical University of South Carolina; Pharmaceutical Education and Development Foundation of The Medical University of South Carolina; Medical University of South Carolina Foundation for Research Development; Medical University Facilities Corporation and the Medical University Hospital Authority. These financial statements are not intended to present fairly the financial position and results of operations of the State of South Carolina and/or its other agencies, institutions, departments or funds in conformity with generally accepted accounting principles.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of The Medical University of South Carolina at June 30, 2000, the changes in fund balances, the current funds revenues, expenditures, and other changes and the results of operations and the cash flows of its component units for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 23, effective July 1, 1999 the University implemented accounting changes regarding functional category classification of certain expenditures and the revenue classification for amounts received from private/nongovernmental sources and began capitalizing internal-use computer software costs. Also, as discussed in Note 23, management discovered that certain errors were made in the applications of accounting principles resulting in the over and under reporting of assets as of June 30, 1999 and that certain expenditures of the University were misclassified in prior years. The changes have been accounted for as prior period adjustments and the prior year's comparative totals have been restated.

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These basic financial statements exclude the Health Science Foundation from the reporting entity because the University is not financially accountable for this organization. As part of its affiliated organizations project, the Governmental Accounting Standards Board is currently studying other circumstances under which organizations that do not meet the financial accountability criteria and would be included in the financial reporting entity.

Our audit was made for the purpose of expressing an opinion on the basic financial statements taken as a whole. The accompanying supplemental financial schedules as of and for the year ended June 30, 2000, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information presented in the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we express no opinion on it.

Rogers & Lalan, PA

November 4, 2000