

Financial Statements

Consolidated Statement of Net Assets

(in thousands)	June 30,	
	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	\$ 316,534	\$ 194,645
Operating investments	664,197	572,374
Investments for capital activities	369,687	305,386
Investments for student loan activities	50,162	41,033
Accounts receivable, net	452,611	461,622
Current portion of notes and pledges receivable, net	58,586	57,960
Current portion of prepaid expenses and other assets	82,435	52,468
Cash collateral held by agent	100,600	103,500
Total Current Assets	2,094,812	1,788,988
Noncurrent Assets:		
Endowment, life income and other investments	8,122,450	6,807,012
Notes and pledges receivable, net	194,359	211,642
Prepaid expenses and other assets	51,340	55,158
Capital assets, net	5,193,173	4,956,457
Total Noncurrent Assets	13,561,322	12,030,269
Total Assets	\$ 15,656,134	\$ 13,819,257
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 167,153	\$ 173,923
Accrued compensation and other	367,769	330,042
Deferred revenue	193,801	184,422
Current portion of insurance and benefits reserves	72,539	66,103
Current portion of obligations for postemployment benefits	53,638	51,629
Commercial paper and current portion of bonds payable	147,553	122,581
Long-term bonds payable subject to remarketing, net	274,895	384,550
Collateral held for securities lending	100,600	103,500
Deposits of affiliates and others	30,439	32,656
Total Current Liabilities	1,408,387	1,449,406
Noncurrent Liabilities:		
Accrued compensation	70,190	71,610
Insurance and benefits reserves	93,337	89,169
Obligations for postemployment benefits	1,583,014	1,556,479
Obligations under life income agreements	46,219	49,245
Government loan advances	90,904	88,555
Bonds payable	1,270,017	996,771
Deposits of affiliates and other	169,804	155,034
Total Noncurrent Liabilities	3,323,485	3,006,863
Total Liabilities	4,731,872	4,456,269
Net Assets:		
Invested in capital assets, net of related debt	3,574,878	3,502,716
Restricted:		
Nonexpendable	1,279,058	1,213,962
Expendable	3,467,232	2,810,016
Unrestricted	2,603,094	1,836,294
Total Net Assets	10,924,262	9,362,988
Total Liabilities and Net Assets	\$ 15,656,134	\$ 13,819,257

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

Financial Statements

Consolidated Statement of Revenues, Expenses and Changes in Net Assets

(in thousands)	Year Ended June 30,	
	2011	2010
Operating Revenues		
Student tuition and fees	\$ 1,177,897	\$ 1,097,450
Less scholarship allowances	262,181	233,598
Net student tuition and fees	915,716	863,852
Federal grants and contracts	930,436	844,026
State and local grants and contracts	4,464	6,199
Nongovernmental sponsored programs	138,007	140,087
Sales and services of educational departments	124,235	139,992
Auxiliary enterprises:		
Patient care revenues (net of provision for bad debts of \$89,466 in 2011 and \$78,513 in 2010)	2,411,131	2,310,770
Student residence fees (net of scholarship allowances of \$18,212 in 2011 and \$17,441 in 2010)	90,232	85,725
Other revenues	160,727	143,666
Student loan interest income and fees	2,818	2,758
Total Operating Revenues	4,777,766	4,537,075
Operating Expenses		
Compensation and benefits	3,633,765	3,529,271
Supplies and services	1,299,651	1,215,684
Depreciation	390,071	360,089
Scholarships and fellowships	114,316	113,753
Total Operating Expenses	5,437,803	5,218,797
Operating loss	(660,037)	(681,722)
Nonoperating Revenues (Expenses)		
State educational appropriations	361,879	362,147
State fiscal stabilization funds		10,136
Federal Pell grants	46,669	39,905
Private gifts for other than capital and endowment purposes	127,751	105,167
Net investment income	1,632,968	796,399
Interest expense, net	(33,094)	(30,018)
Federal subsidies for interest on Build America Bonds	7,119	3,303
Total Nonoperating Revenues, Net	2,143,292	1,287,039
Income before other revenues (expenses)	1,483,255	605,317
Other Revenues (Expenses)		
State capital appropriations	843	2,002
Capital gifts and grants	24,907	29,143
Private gifts for permanent endowment purposes	57,451	59,595
Other	(5,182)	2,294
Total Other Revenues, Net	78,019	93,034
Increase in net assets	1,561,274	698,351
Net Assets, Beginning of Year	9,362,988	8,664,637
Net Assets, End of Year	\$ 10,924,262	\$ 9,362,988

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Consolidated Statement of Cash Flows

(in thousands)	Year Ended June 30,	
	2011	2010
Cash Flows from Operating Activities		
Student tuition and fees	\$ 919,040	\$ 866,513
Federal, state and local grants and contracts	932,002	838,436
Nongovernmental sponsored programs	136,619	134,956
Sales and services of educational departments and other	289,242	280,930
Patient care revenues	2,419,524	2,298,197
Student residence fees	90,448	85,768
Payments to employees	(2,772,856)	(2,678,274)
Payments for benefits	(814,083)	(800,175)
Payments to suppliers	(1,307,883)	(1,216,530)
Payments for scholarships and fellowships	(114,292)	(113,721)
Student loans issued	(11,460)	(11,016)
Student loans collected	16,847	15,280
Student loan interest and fees collected	2,818	2,758
Net Cash Used in Operating Activities	(214,034)	(296,878)
Cash Flows from Investing Activities		
Interest and dividends on investments, net	68,488	74,579
Proceeds from sales and maturities of investments	3,000,798	2,508,663
Purchases of investments	(2,785,120)	(2,438,641)
Net (increase) decrease in cash equivalents from noncurrent investments	(125,176)	59,090
Net increase in deposits of affiliates and others	17,541	8,328
Net Cash Provided by Investing Activities	176,531	212,019
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	873	2,870
Private gifts and other receipts	35,395	39,488
Proceeds from issuance of capital debt	305,447	372,936
Principal payments on capital debt	(114,251)	(355,272)
Interest payments on capital debt, net of capitalized interest	(33,643)	(27,361)
Federal subsidies for Build America Bonds interest	6,296	2,062
Payments for bond refunding and related costs	(1,240)	(402)
Purchases of capital assets, including capitalized interest	(641,718)	(694,600)
Proceeds from sales of capital assets	1,129	1,594
Net Cash Used in Capital and Related Financing Activities	(441,712)	(658,685)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	361,928	364,269
State fiscal stabilization funds	4,720	5,416
Federal Pell grants	46,669	39,705
Private gifts and other receipts	188,533	171,379
Student direct lending receipts	360,476	343,778
Student direct lending disbursements	(358,981)	(342,076)
Amounts received for annuity and life income funds	4,502	3,630
Amounts paid to annuitants and life beneficiaries and related expenses	(6,743)	(6,285)
Net Cash Provided by Noncapital Financing Activities	601,104	579,816
Net increase (decrease) in cash and cash equivalents	121,889	(163,728)
Cash and Cash Equivalents, Beginning of Year	194,645	358,373
Cash and Cash Equivalents, End of Year	\$ 316,534	\$ 194,645

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Consolidated Statement of Cash Flows, continued

(in thousands)	Year Ended June 30,	
	2011	2010
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (660,037)	\$ (681,722)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	390,071	360,089
Changes in assets and liabilities:		
Accounts receivable, net	7,935	(22,156)
Prepaid expenses and other assets	(10,853)	(1,882)
Accounts payable	(335)	(1,817)
Accrued compensation and other	10,658	6,342
Deferred revenue	9,379	(3,097)
Insurance and benefits reserves	10,604	2,227
Obligations for postemployment benefits	28,544	45,138
Net cash used in operating activities	\$ (214,034)	\$ (296,878)