

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
HEALTH SCIENCE CENTER**

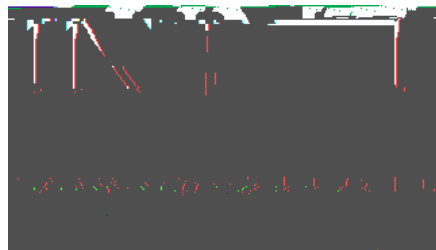
FORT WORTH, TEXAS

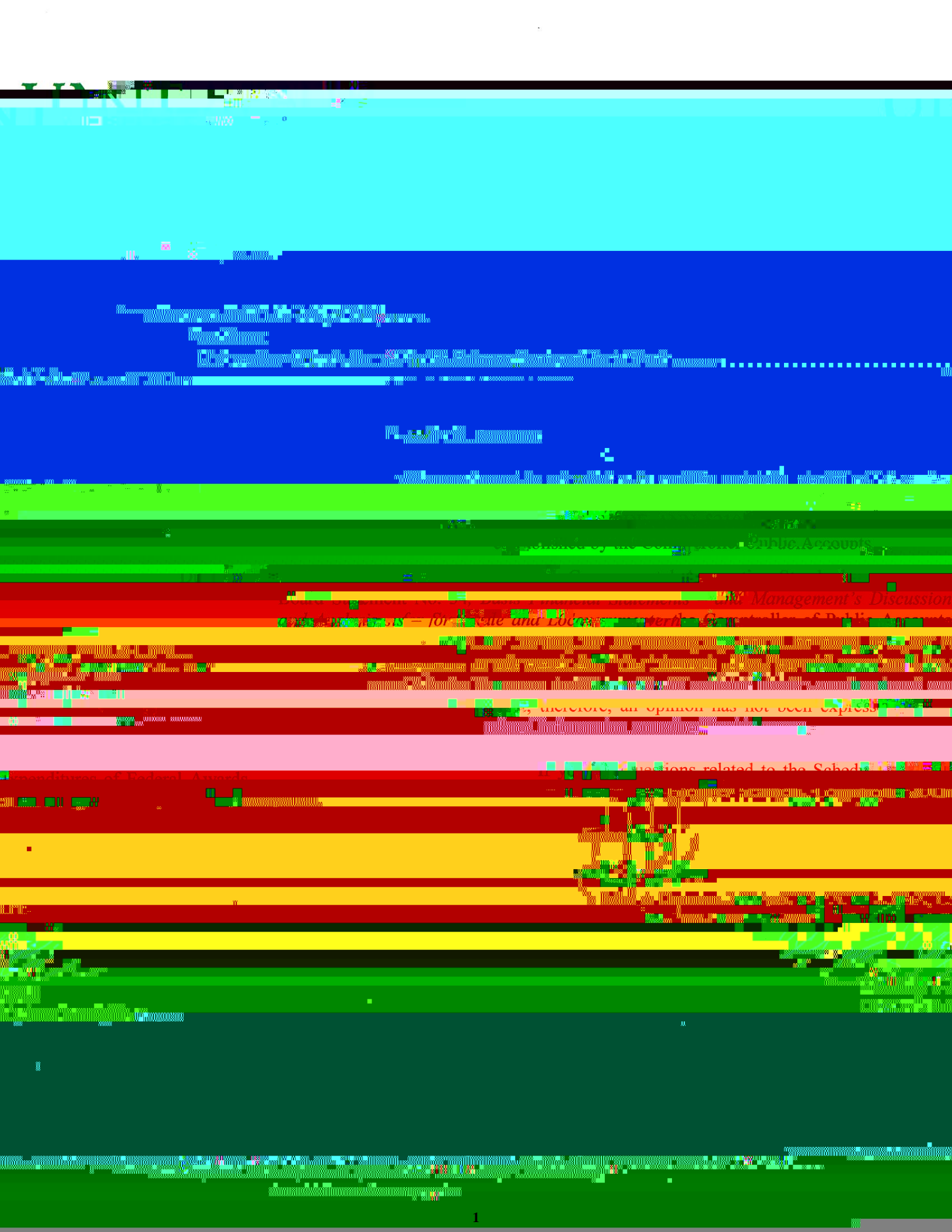
Scott Ransom, DO, MBA, MPH, President

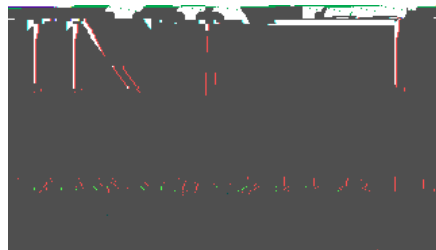
For the year ended August 31, 2012

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER

ORGANIZATIONAL DATA

August 31, 2012

BOARD OF REGENTS

Jack Wall	Term expires 5-22-13)	Ilia
Gwyn Shea.....	Term expires 5-22-13)	Irving
Don A. Buchholz	Term expires 5-22-13)	Ilia
Brint Ryan.....	Term expires 5-22-15)	Ilia
Michael R. Bradford	Term expires 5-22-15)	Irving
Steve Mitchell.....	Term expires 5-22-15)	Richardson
Don Potts	Term expires 5-22-17)	Ilia
Al Silva	Term expires 5-22-17)	San Antonio
Michael R. Williams.....	(Term expires 5-22-17).....	Fredericksburg

STUDENT REGENT

Christian Dean.....	(Term expires 5-31-12).....	Dallas
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OFFICERS

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
 Statement of Net Assets
 For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 9,992.88	11,518.10
Cash in Bank	59,074,225.49	(360,103.67)
Reimbursement Due from Treasury	437,164.97	653,554.85
Cash in State Treasury	5,041,333.95	4,168,165.46
Cash Equivalents	9,805,704.75	86,462,325.85
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	-
Cash in Bank	1,070,636.41	690,362.79
Cash in State Treasury	-	-
Cash Equivalents	208,291.00	(1,285,565.85)
Short Term Investments	-	-
Legislative Appropriations	21,905,878.52	21,064,843.12
Receivables from:		
Federal	4,532,718.85	2,606,800.44
Other Intergovernmental	369,424.06	213,398.43
Accounts Receivable	1,895,648.70	3,503,352.43
Gifts Receivable	925,000.00	-
Other Receivables	7,086,777.62	7,380,256.25
Due From Other Agencies	5,049,503.79	4,567,921.37
Due From Other Components	77,298.00	77,298.00
Consumable Inventories	239,222.14	192,236.82
Merchandise Inventories	21,803.87	21,803.87
Loans and Contracts	181,906.60	219,640.94
Other Current Assets	33,625.51	21,255.81
Total Current Assets	117,966,157.11	130,209,065.01
Non-Current Assets and Deferred Outflows		
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Short Term Investments		
Loans and Contracts	3,368,582.75	3,851,657.75
Investments	48,048,109.82	29,385,764.72
Capital Assets:		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	23,057,937.75	22,986,967.75
Construction in Progress	-	-
Other Tangible Capital Assets	179,561.72	177,891.27
Depreciable or Amortizable		
Buildings and Building Improvements	161,879,900.67	159,004,942.61
Less Accumulated Depreciation	(69,326,382.32)	(64,679,843.09)

	August 31, 2012	August 31, 2011
Facilities and Other Improvement	1,322,255.64	1,322,255.64
Less Accumulated Depreciation	(1,011,862.75)	(969,391.95)
Furniture and Equipment	38,912,504.18	36,112,979.53
Less Accumulated Depreciation	(24,610,219.28)	(22,572,843.22)
Vehicles, Boats and Aircraft	579,190.34	544,759.34
Less Accumulated Depreciation	(441,628.84)	(406,344.35)
Other Capital Assets	7,203,865.38	5,835,319.78
Less Accumulated Depreciation	(1,295,542.05)	(984,156.14)
Computer Software	669,436.19	521,336.19
Less Accumulated Amortization	(267,529.44)	(169,548.56)
Other Non-Current Assets	-	-
Total Non-Current Assets and Deferred Outflows	188,268,179.76	169,961,747.27
Total Assets and Deferred Outflows	\$ 306,234,336.87	\$ 300,170,812.28

LIABILITIES AND DEFERRED INFLOWS

Current Liabilities

Payables From:

Accounts Payable	\$ 3,501,603.50	\$ 7,831,921.59
Payroll Payable	10,893,825.73	10,762,129.38
Other Payables	2,431,940.50	1,137,320.84
Due to Other Agencies	64,488.92	-
Due to Other Components	63,542.30	146,165.10
Deferred Revenues	10,908,623.08	10,155,527.47
Revenue Bonds Payable, Net	6,133,020.00	4,484,976.00
Pollution Remediation Obligation	-	-
Employees Compensable Leave	946,159.19	1,013,764.43
Funds Held for Others	11,553,312.81	9,659,475.83
Other Current Liabilities	-	-
Total Current Liabilities	46,496,516.03	45,191,280.64

Non-Current Liabilities and Deferred Inflows

Notes and Loans Payable	-	-
Contra Liability-Due From Other Components-CP	-	8,530,000.00
Revenue Bonds Payable, Net	77,867,628.00	61,059,768.00
Employee's Compensable Leave	7,315,205.81	7,965,856.57
Other Non-Current Liabilities	16,486.40	-
Total Non-Current Liabilities and Deferred Inflows	85,199,320.21	77,555,624.57
Total Liabilities and Deferred Inflows	131,695,836.24	122,746,905.21

NET ASSETS

Invested in Capital Assets, Net of Related Debt

54,549,869.24

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ -	\$ -
Tuition and Fees - Pledged	21,634,988.49	16,538,693.20
Discounts and Allowances	(669,712.04)	(199,680.82)
Professional Fees - Non-Pledged	78,726,571.02	86,069,912.02
Other Sales of Goods and Services - Pledged	3,375,842.53	5,703,939.25
Federal Revenue - Operating	26,125,086.87	26,291,940.22
Federal Pass Through Revenue	1,269,332.87	659,351.03
State Grant Revenue	2,059,751.58	2,383,394.28
State Grant Pass Through Revenue	756,304.06	597,838.52
Other Grants and Contracts - Operating	9,203,542.26	5,067,182.42
Other Operating Revenues	79,312.52	83,186.93
Total Operating Revenues	142,561,020.16	143,195,757.05
OPERATING EXPENSES⁽¹⁾		
Instruction	36,216,930.81	31,186,154.27
Research	35,091,597.39	34,364,039.68
Public Service	6,376,912.06	6,227,589.11
Academic Support	94,338,522.05	93,901,239.31
Student Services	4,081,085.98	2,894,866.03
Institutional Support	15,230,742.04	15,770,117.82
Operations and Maintenance of Plant	16,689,619.95	13,456,106.28
Scholarships and Fellowships	1,272,715.83	1,173,007.67
Auxiliary Enterprises	356,135.19	-784,000.00
	142,561,020.16	143,195,757.05

August 31,
2012

August 31,
2011

OTHER REVENUES, EXPENSES, GAINS
LOSSES AND TRANSFERS

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)

**Note 1: Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2012**

UNAUDITED

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	2012 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,184,183.24	3,779,215.59	21,555.93	118,369.37	-	117,992,356.58
2,165,771.02	760,414.47	2,110.01	33,798.95	-	23,280,001.07
171,279.43	1,272,318.91	-	14,314.45	-	23,070,964.36
-	-	-	-	-	576,260.26
-	-	-	-	-	-
46,286.12	5,210.78	-	917.69	-	1,732,387.37
1,095,567.54	2,023,585.49	797.89	98,261.67	-	14,510,409.81
128,589.21	1,982,857.04	-	2,735.93	-	2,662,031.33
483,874.29	1,530,056.78	40.00	1,386.25	-	3,864,872.30
57,517.10	148,306.80	-	8,965.70	-	1,590,321.46
42,065.33	11,813.58	-	5,091.07	-	479,028.44
-	-	-	-	9,335,776.62	9,335,776.62
-	-	-	-	-	(218,436.67)
3.61	-	-	-	-	3.61
-	-	1,246,962.00	-	-	1,696,147.72
-	-	-	-	-	-
855,605.15	5,175,840.51	1,250.00	72,294.11	-	18,417,913.66
\$ 15,230,742.04	\$ 16,689,619.95	\$ 1,272,715.83	\$ 356,135.19	\$ 9,335,776.62	\$ 218,990,037.92

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
 Statement of Cash Flows
 For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 22,281,793.20	\$ 18,628,291.62
Proceeds Received from Customers	79,958,220.49	92,914,582.83
Proceeds from Sponsored Projects	40,738,985.92	33,148,478.76
Proceeds from Loan Programs	743,266.48	147,388.45
Proceeds from Other Revenue	-	83,186.93
Payments to Suppliers for Goods and Service	(52,258,467.04)	(43,389,299.22)
Payments to Employees for Salaries and Benefits	(141,858,917.30)	(139,843,369.80)
Payments for Other Expenses	(21,313,400.88)	(18,233,898.39)
Net Cash Provided (Used) by Operating Activities	<u>(71,708,519.13)</u>	<u>(56,544,638.82)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	68,640,290.33	72,194,783.07
Proceeds from Gifts	36,042.49	23,865.00
Proceeds of Transfers from Other Agencies	-	1,123,498.07
Proceeds from Other Revenue	3,369,079.26	1,026,299.08
Payments for Transfers to Other Agencies	(389,491.03)	(369,178.61)
Payments for Transfers to Other Component	(1,806,301.56)	(1,365,890.10)
Payments for Other Uses	(916,054.61)	(2,926,707.79)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>68,933,564.88</u>	<u>69,706,668.72</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from State Appropriations	8,771,265.00	8,771,265.00
Proceeds from Debt Issuance	22,981,617.95	-
Proceeds of Transfers from Other Components - Commercial Paper	4,301,000.00	8,530,000.00
Payments for Additions to Fixed Asset	(10,394,905.02)	(19,088,784.53)
Payments of Principal on Debt Issuance	(4,305,000.00)	(4,370,000.00)
Payments of Interest on Debt Issuance	(4,084,763.55)	(2,940,137.86)
Payments of Other Costs of Debt Issuance	(148,446.63)	(3,251.41)
Payments for Transfers to Other Components - Commercial Paper	(12,831,000.00)	-
Net Cash Provided (Used) From Capital & Related Financing Activities	<u>4,289,767.75</u>	<u>(9,100,908.80)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investment	171,138.57	242,714.59
Proceeds from Interest and Investment Income	2,421,821.90	3,249,891.64
Payments to Acquire Investment	(18,800,682.05)	(557,807.25)
Net Cash Provided (Used) by Investing Activities	<u>(16,207,721.58)</u>	<u>2,934,798.98</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(14,692,908.08)</u>	<u>6,995,920.08</u>
Cash and Cash Equivalents--September 1, 2011 and 2010	90,340,257.53	83,344,337.45
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents--August 31, 2012 and 2011	<u>\$ 75,647,349.45</u>	<u>\$ 90,340,257.53</u>

UNAUDITED

	August 31, 2012	August 31, 2011
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 74,368,422.04	90,935,460.59
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	1,278,927.41	(595,203.06)
Restricted Short-term Investments (Statement of Net Assets)	-	-
	<u>\$ 75,647,349.45</u>	<u>\$ 90,340,257.53</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income/(Loss)	\$ (76,429,017.76)	\$ (64,889,198.29)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	9,335,776.62	8,627,793.13
Bad Debt Expense	(218,436.67)	472,200.55
Operating Income and Cash Flow Category Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(625,640.95)	(266,368.33)
(Increase) Decrease in Inventories	(46,985.32)	109,321.10
(Increase) Decrease in Loans & Contracts	-	-
(Increase) Decrease in Other Assets	(853,405.10)	(7,292,438.52)
(Increase) Decrease in Prepaid Expenses	-	-
Increase (Decrease) in Payables	(3,541,282.76)	4,477,119.21
Increase (Decrease) in Due to Other Components	(82,622.80)	-
Increase (Decrease) in Deferred Income	753,095.61	2,216,932.33
Increase (Decrease) in Other Liabilities	-	-
Total Adjustments	<u>4,720,498.63</u>	<u>8,344,559.47</u>
Net Cash Provided by Operating Activities	<u>\$ (71,708,519.13)</u>	<u>\$ (56,544,638.82)</u>
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investment	\$ (630,848.77)	\$ 1,186,029.87
Amortization of Investment Premiums/(Discounts)	\$ -	\$ -
Amortization of Bond Premiums/(Discounts)	\$ 220,713.95	\$ -
Gain/(Loss) on disposal of Capital Assets	\$ (522,388.55)	\$ -

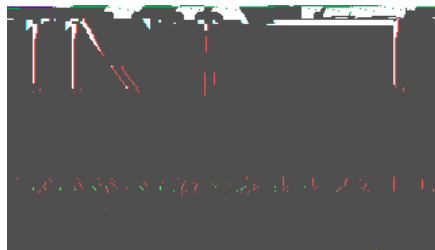
The accompanying Notes to the Combined Financial Statements are an integral part of the financial statements.

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2012

Pass-Through From: State Agencies

To University of North Texas Health Science Center (763)

Cancer Prevention and Research Institute of Texas (Agency 542)	
Dallas Cancer Disparities Community Coalition: Breast Cancer Prevention Education	\$ 93,390.12
Culturally sensitive HPV Vaccine Education in Tarrant County	172,725.29
Cellular Targets of Salinomycin: Novel Cancer Stem-Cell Specific Drug Studied in Yeast	49,171.12
The Rural Texas Physician Cancer Screening Education Program in High-Risk Cancer Cluster Regions	61,692.46
PP110190 - Comprehensive breast cancer prevention for high-risk women in Dallas County	142,013.08
Texas A&M University (Agency 711)	



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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2002	\$ 27,130,000.00	2.0000% - 5.0000%	N/A	2003	2012	04/15/12
RFS Refunding Bonds, Series 2003A	2,915,000.00	5.3750% - 5.5000%	N/A	2015	2017	04/15/13
RFS Refunding and Improvement Bonds, Series 2005	11,250,000.00	2.5000% - 5.2500%	N/A	2006	2019	04/15/15
RFS Bonds, Series 2009	38,650,000.00	3.0000% - 5.2500%	N/A	2009	2028	04/15/18
RFS Refunding Bonds, Series 2009B	3,455,000.00	3.0000% - 4.7500%	N/A	2010	2019	N/A
RFS Refunding Bonds, Series 2010	15,540,000.00	3.0000% - 5.0000%	N/A	2011	2022	04/15/20
RFS Refunding and Improvement Bonds, Series 2012A	19,680,000.00	0.0000% - 5.0000%	N/A	2013	2034	04/15/22
Total	<u>\$ 118,620,000.00</u>					

RFS - Revenue Financing System

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished
RFS Bonds, Series 2002	\$ 1,240,000.00	\$ -	\$ 1,240,000.00	\$ -
RFS Refunding Bonds, Series 2003A	2,915,000.00	-	-	-
RFS Refunding and Improvement Bonds, Series 2005	8,835,000.00	-	1,245,000.00	-
RFS Bonds, Series 2009	32,790,000.00	-	1,360,000.00	-
RFS Refunding Bonds, Series 2009B	2,485,000.00	-	460,000.00	-
RFS Refunding Bonds, Series 2010	15,360,000.00	-	-	-
RFS Refunding and Improvement Bonds, Series 2012A	-	19,680,000.00	-	-
Total	\$ 63,625,000.00	\$ 19,680,000.00	\$ 4,305,000.00	\$ -

*Bonds premiums and issuance costs greater than 5% of the par value of the bond issue are capitalized and amortized over the life of the bonds.

UNAUDITED

	Bonds Outstanding 08/31/12	Unamortized Premium *	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/12	Amounts Due Within One Year
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	2,915,000.00	-	-	-	2,915,000.00	-
	7,590,000.00	-	-	-	7,590,000.00	1,305,000.00
	31,430,000.00	-	\$02 -	-		
-	-	-	-	-	-	-

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2012

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Refunding Bonds, Series 2003A	2013	\$ -	\$ 159,175.00
	2014	-	159,175.00
	2015	920,000.00	159,175.00
	2016	970,000.00	109,725.00
	2017	1,025,000.00	56,375.00
		<u>2,915,000.00</u>	<u>643,625.00</u>
RFS Refunding and Improvement Bonds, Series 2005	2013	1,305,000.00	378,262.50
	2014	1,370,000.00	313,012.50
	2015	890,000.00	251,362.50
	2016	930,000.00	211,312.50
	2017	980,000.00	162,487.50
	2018-2019	2,115,000.00	168,000.00
		<u>7,590,000.00</u>	<u>1,484,437.50</u>
RFS Bonds, Series 2009	2013	1,410,000.00	1,480,137.50
	2014	1,460,000.00	1,430,787.50
	2015	1,510,000.00	1,379,687.50
	2016	1,555,000.00	1,334,387.50
	2017	1,635,000.00	1,256,637.50
	2018-2022	9,230,000.00	5,212,762.50
	2023-2027	11,880,000.00	2,563,900.00
	2028	2,750,000.00	137,500.00
		<u>31,430,000.00</u>	<u>14,795,800.00</u>
RFS Refunding Bonds, Series 2009B	2013	480,000.00	82,687.50
	2014	500,000.00	63,487.50
	2015	190,000.00	43,487.50
	2016	200,000.00	35,887.50
	2017	210,000.00	27,887.50
	2018-2019	445,000.00	30,175.00
		<u>2,025,000.00</u>	<u>283,612.50</u>
RFS Refunding Bonds, Series 2010	2013	1,230,000.00	719,550.00
	2014	1,295,000.00	658,050.00
	2015	1,360,000.00	593,300.00
	2016	1,430,000.00	525,300.00
	2017	1,500,000.00	453,800.00
	2018-2022	8,545,000.00	1,235,050.00
		<u>15,360,000.00</u>	<u>4,185,050.00</u>
RFS Refunding and Improvement Bonds, Series 2012A	2013	1,365,000.00	782,296.12
	2014	1,275,000.00	869,600.00
	2015	1,315,000.00	831,350.00
	2016	1,380,000.00	765,600.00
	2017	1,445,000.00	696,600.00
	2018-2022	8,345,000.00	2,381,950.00
	2023-2027	2,005,000.00	941,750.00
	2028-2032	2,550,000.00	395,000.00
		<u>19,680,000.00</u>	<u>7,664,146.12</u>
Total		<u>\$ 79,000,000.00</u>	<u>\$ 29,056,671.12 *</u>

* In accordance with the State Comptroller's reporting requirements, the interest amounts on this schedule represent interest expense per the bond amortization schedules rather than interest on a full accrual basis.

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2012

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2012			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures & Capital Outlay	Debt Service Principal	Debt Service Interest *
RFS Bonds Series '03A, '05, '09, '09B, '10 & 12A	\$ 65,777,868.55	\$ -	\$ 4,305,000.00	\$ 2,997,662.50
Total	\$ 65,777,868.55	\$ -	\$ 4,305,000.00	\$ 2,997,662.50

* In accordance with State Comptroller reporting requirements, the interest amounts on this schedule represent interest expense per the bond amortization schedules rather than interest on a full accrual basis.

UNIVERSITY OF NORTH HEALTH SCIENCE CENTER (763)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2012

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 0280	3,937,832.39		