

Contact: Andrea Anania

**UNIVERSITY OF IOWA HEALTH SYSTEM AND SUBSIDIARIES AUDIT REPORT**

**Action Requested:** Receive the external audit report for the University of Iowa Health System and subsidiaries (UIHSS) for the years ended December 31, 2011, and December 31, 2010.

[http://www.regents.iowa.gov/Meetings/DocketMemos/13Memos/February2013/0213\\_uihss.pdf](http://www.regents.iowa.gov/Meetings/DocketMemos/13Memos/February2013/0213_uihss.pdf)

**Executive Summary:** KPMG LLP conducted the UIHSS audit for the fiscal years ended December 31, 2011, and December 31, 2010, in conformity with U.S. generally accepted accounting principles. The audit indicated that the consolidated financial statements present fairly, in all material respects, the financial position of UIHSS as of December 31, 2011, and December 31, 2010, and the results of their operations and their cash flows for the years then ended.

A representative from KPMG LLP will be available via phone to present the report and answer questions at the Board meeting.

**Background and Analysis:** UIHSS, a nonprofit corporation, supports the clinical, academic, and research programs of the University of Iowa's College of Medicine and the University of Iowa Hospitals and Clinics.

The business of UIHSS is conducted primarily through subsidiary organizations established and controlled by UIHSS. These organizations are responsible for developing and managing a network of affiliated community physicians and hospitals and providing needed services to these providers.

UIHSS has the following wholly owned subsidiaries: (1) University of Iowa Affiliated Health Providers, L.C.; (2) University of Iowa Community Medical Services, Inc.; and (3) UI HealthWorks, L.L.C.

- ◆ As of December 31, 2011, UIHSS assets totaled \$23.2 million, which represents a decrease of \$1.4 million (5.7%) from the \$24.6 million from the prior year.
- ◆ As of December 31, 2011, UIHSS revenues, gains, and other support totaled \$21.8 million and total expenses were \$21.6 million, for an operating income of \$183,252.
- ◆ UIHSS provides charity care to eligible patients at reduced or no cost based on the individual patient's financial situation. Charity care, previously determined at established billing rates and now reported at cost, was \$4,372 and \$5,367 (restated) for 2011 and 2010, respectively.