

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 (UIHS) and subsidiaries for the years ended December 31, 2012, and December 31, 2011.
http://www.regents.iowa.gov/Meetings/DocketMemos/14Memos/February2014/0214_uihss.pdf

Executive Summary: KPMG LLP conducted the UIHS audit for the fiscal years ended December 31, 2012, and December 31, 2011, 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, 2012, and December 31, 2011, 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 during the Board meeting to present the report and answer questions.

Background and Analysis: UIHS, a nonprofit corporation, supports the clinical, academic, and research programs of the University of Iowa's College of Medicine (UICOM) and the University of Iowa Hospitals and Clinics (UIHC).

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

The Board of Regents has authorized UIHC and UICOM to transfer \$31.0 million (one half from each entity) to UIHS to accomplish its purposes. At December 31, 2012, and 2011, \$24.8 million has been transferred to UIHS.

- ◆ As of December 31, 2012, UIHS assets totaled \$23.6 million, which represents an increase of \$449,000 (1.9%) over the \$23.2 million from the prior year.
- ◆ As of December 31, 2012, UIHS revenues, gains, and other support totaled \$21.4 million and expenses totaled \$21.9 million, for an operating income (loss) of (\$473,065).
- ◆ UIHS provides charity care to eligible patients at reduced or no cost based on the individual patient's financial situation. The audit reported charity care expenses of \$1,991 and \$4,372 for 2012 and 2011, respectively.