

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
EXHIBIT C - STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2007

| | 12/20/07 1:27 PM | Current Year Totals | Prior Year Totals |
|---|------------------|--------------------------|--------------------------|
| | | Primary University | Primary University |
| Cash Flows from Operating Activities: | | | |
| Proceeds from Tuition and Fees | \$ | 22,695,231 | 19,987,936 |
| Proceeds from Patients and Customers | | 154,788,304 | 132,065,266 |
| Proceeds from Sponsored Programs | | 274,582,285 | 266,115,167 |
| Proceeds from Auxiliaries | | 23,065,169 | 23,235,694 |
| Proceeds from Other Revenues | | 58,213,897 | 53,448,291 |
| Payments to Suppliers | | (226,305,618) | (212,038,949) |
| Payments to Employees | | (418,818,435) | (406,352,676) |
| Payments for Loans Provided | | (2,552,274) | (2,894,954) |
| Proceeds from Loan Programs | | 2,404,668 | 3,625,872 |
| Payments for Other Expenses | | - | - |
| Net Cash Provided (Used) by Operating Activities | | <u>(111,926,773)</u> | <u>(122,808,353)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Proceeds from State Appropriations | | 152,700,692 | 153,901,500 |
| Proceeds from Operating Gifts | | 14,735,007 | 13,061,419 |
| Proceeds from Private Gifts for Endowment and Annuity Life Purposes | | 8,383,952 | 6,398,255 |
| Proceeds from Other Nonoperating Revenues | | 4,353,932 | 1,234,947 |
| Payments/Receipts for Transfers to/from System or Oth. Agencies | | 2,358,710 | 744,508 |
| Payments for Other Uses | | (301,281) | (896,331) |
| Net Cash Provided by Noncapital Financing Activities | | <u>182,231,012</u> | <u>174,444,298</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Proceeds from Issuance of Capital Debt | | - | - |
| Proceeds from Capital Debt Transferred from System (nonmandatory) | | 35,128,733 | 32,462,130 |
| Payments of Other Costs on Debt Issuance | | - | - |
| Proceeds from Capital Appropriations, Grants and Gifts | | 12,508,977 | 23,543,711 |
| Proceeds from Sale of Capital Assets | | 4,345,454 | 25,535 |
| Payments for Additions to Capital Assets | | (59,578,725) | (96,908,087) |
| Payments of Principal on Capital Related Debt | | (417,913) | (266,678) |
| Mandatory Transfers to System for Capital Related Debt | | (17,667,072) | (16,918,997) |
| Payments of Interest on Capital Related Debt | | - | - |
| Net Cash Provided (Used) by Capital & Related Financing Activities | | <u>(25,680,546)</u> | <u>(58,062,386)</u> |
| Cash Flows from Investing Activities: | | | |
| Proceeds from Sales of Investments | | 211,360 | 715,394 |
| Proceeds from Sales of Investments Held by System | | - | - |
| Proceeds from Interest and Investment Income | | 401,325 | 16,198 |
| Proceeds from Interest and Investment Income Held by System | | 22,935,033 | 18,651,508 |
| Payments to Acquire Investments | | (1,229,435) | - |
| Payments to Acquire Investments Held by System | | (54,511,353) | (59,299,634) |
| Net Cash Provided (Used) by Investing Activities | | <u>(32,193,070)</u> | <u>(39,916,534)</u> |
| Net Increase (Decrease) in Cash | | 12,430,623 | (46,342,975) |
| Cash and Cash Equivalents - Beginning of the Year | | 53,059,006 | 99,401,981 |
| Restatements to Beginning Cash and Cash Equivalents | | - | - |
| Cash and Cash Equivalents - End of the Year | \$ | <u><u>65,489,629</u></u> | <u><u>53,059,006</u></u> |

**Reconciliation of Net Operating Revenues (Expenses) to
Net Cash Provided (used) by Operating Activities:**

| | | | |
|--|----|----------------------|----------------------|
| Operating Loss | \$ | (154,144,007) | (156,392,833) |
| Adjustments to Reconcile Operating Loss to Net Cash: | | | |
| Depreciation and Amortization Expense | | 32,965,817 | 27,473,406 |
| Loss on Asset Disposition | | | |
| Bad Debt Expense | | - | - |
| Op. Income & Cash Flow Categories Classification Differences | | | |
| Changes in Assets and Liabilities: | | | |
| Accounts Receivable | | 4,034,993 | (1,696,325) |
| Due from System | | - | - |
| Inventories | | 734,495 | 1,316 |
| Loans and Contracts | | (147,606) | 730,918 |
| Other Current and Noncurrent Assets | | 234,430 | (491,609) |
| Accounts Payable | | 951,453 | (634,383) |
| Due to System | | 93,916 | 282,214 |
| Deferred Revenue | | 1,130,351 | 3,158,850 |
| Assets Held for Others | | 411,013 | (19,508) |
| Employees' Compensable Leave | | 980,232 | 907,826 |
| Other Current and Noncurrent Liabilities | | 828,140 | 3,871,775 |
| Total Adjustments | | <u>42,217,234</u> | <u>33,584,480</u> |
| Net Cash Provided (Used) by Operating Activities | \$ | <u>(111,926,773)</u> | <u>(122,808,353)</u> |
| Non Cash Transactions | | | |
| Net Increase (Decrease) in Fair Value of Investments | | 32,608,991 | 10,157,494 |
| Donated Capital Assets | | - | - |
| Capital Assets Acquired Under Capital Lease Purchases | | - | - |
| Miscellaneous Noncash Transactions | | 1,434,307 | (22,587) |