SOUTH CAROLINA
STUDENT LOAN CORPORATION

CONSOLIDATED FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2013

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONTENTS
YEAR ENDED JUNE 30, 2013

DERRICK STUBBS
ACCOUNTING · AUDITING · TAXATION · CONSULTING

POST OFFICE BOX 36 | COLUMBIA, SC 29202-0036
508 HAMPTON ST, 1ST FLR | COLUMBIA, SC 29201

MAIN 803 799.5810 TOLL FREE 866 799.5810
FAX 803 799.5554

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of South Carolina Student Loan Corporation (Corporation) which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of South Carolina Student Loan Corporation as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited South Carolina Student Loan Corporation's 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the South Carolina Student Loan Corporation's consolidated financial statements. The schedules, listed in the table of contents as supplementary information, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 9, 2013, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Carolina Student Loan Corporation's internal control over financial reporting and compliance.

Derrick, Stubbs + Stith, LLP

September 9, 2013

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(WITH COMPARATIVE AMOUNTS FOR 2012)

	2013			2012 Totals
	Unrestricted	Temporarily Restricted	Total	Memorandum Only
ASSETS				
Current Assets				
Cash and cash equivalents	$ 94,290,656	$ 102,055,422	$ 196,346,078	$ 210,065,956
Investments	56,609,063	-	56,609,063	55,553,494
Investment in Campus Partners	-	-	-	1,206,531
Current portion of student loan receivables	3,007,344	260,064,054	263,071,398	285,802,208
Interest due from borrowers	320,010	51,096,431	51,416,441	65,725,959
Accounts receivable	1,781,845	-	1,781,845	113,236
Due from SC State Education Assistance Authority	79,873	15,153,326	15,233,199	25,653,986
Accrued investment income	285,670	39,461	325,131	127,194
Prepaid expenses	29,618	48,722	78,340	111,138
Due from (to) other funds	669,849	(669,849)	-	-
Total current assets	157,073,928	427,787,567	584,861,495	644,359,702
Long-Term Receivables and Other Assets				
Other student loan receivables, less current portion and net of allowance for loan loss of $ 34,628,123	40,357,082	2,403,748,495	2,444,105,577	2,742,303,077
Teacher loans receivable - less allowance for teacher loan cancellations of $ 13,459,883 and current portion	-	24,515,398	24,515,398	24,426,199
Overfunded defined benefit plan	471,053	-	471,053	-
Deferred cost of issuance of debt	-	8,758,395	8,758,395	8,728,028
Due from (to) other funds	20,942,464	(20,942,464)	-	-
Total long-term receivables and other assets	61,770,599	2,416,079,824	2,477,850,423	2,775,457,304
Property and Equipment				
Land	929,900	-	929,900	929,900
Building	6,144,448	-	6,144,448	6,484,448
Furniture and equipment	10,906,653	-	10,906,653	2,782,439
Automobiles	73,563	-	73,563	73,563
Less, accumulated depreciation	(10,961,870)	-	(10,961,870)	(2,668,577)
Net property and equipment	7,092,694	-	7,092,694	7,601,773
Total assets	$ 225,937,221	$ 2,843,867,391	$ 3,069,804,612	$ 3,427,418,779

See notes to consolidated financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(WITH COMPARATIVE AMOUNTS FOR 2012)

	2013			2012 Totals
	Unrestricted	**Temporarily Restricted**	**Total**	Memorandum Only
LIABILITIES AND NET ASSETS				
Current Liabilities				
Current portion of notes payable - finance loans	$ -	$ 5,421,296	$ 5,421,296	$ 5,642,108
Current maturities of bonds payable	-	413,445,925	413,445,925	408,152,180
Interest payable	-	2,441,699	2,441,699	3,217,329
Accounts payable	4,405,922	17,475	4,423,397	1,920,814
Deferred revenue	912,374	444,848	1,357,222	2,088,543
Teacher loan liability	-	581,514	581,514	397,498
Accrued pension payable	308,270	-	308,270	2,245,072
Compensated absences	1,688,039	-	1,688,039	1,450,532
Due to SC State Education Assistance Authority	-	759,750	759,750	851,326
Due to United States Department of Education	(189,903)	11,424,612	11,234,709	12,222,187
Total current liabilities	7,124,702	434,537,119	441,661,821	438,187,589
Noncurrent Liabilities				
Bonds payable less, current maturities	-	2,044,781,324	2,044,781,324	2,108,510,445
Less, bond discounts	-	9,975,744	9,975,744	11,703,244
Net bonds payable less, current maturities and bond discounts	-	2,034,805,580	2,034,805,580	2,096,807,201
Due to SC State Education Assistance Authority	-	39,835,008	39,835,008	39,835,008
Notes payable - finance loans less, current maturities	-	59,194,404	59,194,404	62,834,810
Other notes payable	-	-	-	307,316,715
Total noncurrent liabilities	-	2,133,834,992	2,133,834,992	2,506,793,734
Total liabilities	7,124,702	2,568,372,111	2,575,496,813	2,944,981,323
Net Assets				
Temporarily Restricted				
For bond indentures - current debt service	-	14,441,551	14,441,551	16,799,784
For bond indentures	-	217,404,684	217,404,684	208,228,417
For teacher loans		43,649,045	43,649,045	41,483,331
Total temporarily restricted	-	275,495,280	275,495,280	266,511,532
Unrestricted				
Board designated	100,000	-	100,000	100,000
Undesignated	218,712,519	-	218,712,519	215,825,924
Total unrestricted	218,812,519	-	218,812,519	215,925,924
Total net assets	218,812,519	275,495,280	494,307,799	482,437,456
Total liabilities and net assets	$ 225,937,221	$ 2,843,867,391	$ 3,069,804,612	$ 3,427,418,779

See notes to consolidated financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE AMOUNTS FOR 2012)

	2013			2012 Totals Memorandum
	Unrestricted	**Temporarily Restricted**	**Total**	Only
Revenue				
Income from United States Department of Education				
Student loan interest - subsidized	**$ 60,582**	**$ 16,251,077**	**$ 16,311,659**	$ 22,278,703
Special allowances	**(461,308)**	**(62,028,174)**	**(62,489,482)**	(72,028,792)
Student loan interest - non-subsidized	**2,014,590**	**132,641,007**	**134,655,597**	147,065,161
Investment income	**3,037,355**	**408,597**	**3,445,952**	745,261
Unrealized gain (loss) on investments	**393,673**	**(67,845)**	**325,828**	33,473
Late charges	**23,777**	**2,164,491**	**2,188,268**	2,182,323
Miscellaneous payments of student loans	**(149)**	**(32,090)**	**(32,239)**	(9,847)
Miscellaneous income	**-**	**57,907**	**57,907**	459,118
State appropriations - Department of Education	**-**	**4,881,832**	**4,881,832**	4,835,042
Remittance from SC State Education Assistance Authority for operating cost	**626,637**	**-**	**626,637**	643,034
Servicing fees	**14,809,666**	**-**	**14,809,666**	-
Other	**3,003,541**	**-**	**3,003,541**	252,077
Net assets released from restrictions	**85,293,054**	**(85,293,054)**	**-**	-
Total revenue	**108,801,418**	**8,983,748**	**117,785,166**	106,455,553
Expenses				
Personnel	**14,850,871**	**-**	**14,850,871**	6,924,401
Contractual services	**9,095,013**	**-**	**9,095,013**	1,416,030
General operating	**13,940,513**	**-**	**13,940,513**	2,558,443
Interest on debt	**28,261,623**	**-**	**28,261,623**	32,534,496
TLP cancellations	**5,726,172**	**-**	**5,726,172**	5,063,394
Amortization of deferred cost of bond issuance	**3,159,411**	**-**	**3,159,411**	3,123,701
Payments to SC State Education Assistance Authority for student loan income	**3,924,780**	**-**	**3,924,780**	4,220,150
Loan fees	**10,592,920**	**-**	**10,592,920**	11,660,124
Reinsurance expense	**1,846,187**	**-**	**1,846,187**	1,263,470
Borrower incentives	**6,157,795**	**-**	**6,157,795**	6,005,741
Broker dealer fees	**403,628**	**-**	**403,628**	399,326
Building expenses	**930,353**	**-**	**930,353**	1,075,388
Loan loss expense	**6,961,140**	**-**	**6,961,140**	9,207,469
Campus Partners valuation expense	**1,245,000**	**-**	**1,245,000**	2,282,692
Other	**717,298**	**-**	**717,298**	493,937
Total expenses	**107,812,704**	**-**	**107,812,704**	88,228,762
Employee Benefits - Related Changes Other Than Net Periodic Pension Cost	**1,897,878**	**-**	**1,897,878**	(2,056,251)
Change in net assets	**2,886,592**	**8,983,748**	**11,870,340**	16,170,540
Net Assets				
Beginning	**215,925,927**	**266,511,532**	**482,437,459**	466,266,916
Ending	**$ 218,812,519**	**$ 275,495,280**	**$ 494,307,799**	$ 482,437,456

See notes to consolidated financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE AMOUNTS FOR 2012)

	2013			2012 Totals Memorandum
	Unrestricted	**Temporarily Restricted**	**Total**	Only
Cash Flows from Operating Activities				
Change in net assets	**$ 2,886,592**	**$ 8,983,748**	**$ 11,870,340**	$ 16,170,540
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	**1,746,615**	**-**	**1,746,615**	301,427
Unrealized (gain) on investments	**(393,673)**	**-**	**(393,673)**	(24,663)
Write down in Campus Partners	**-**	**-**	**-**	2,282,692
Impairment of building	**340,000**	**-**	**340,000**	490,000
Amortization of premiums and discounts on bonds payable	**-**	**1,727,499**	**1,727,499**	1,727,498
Amortization of cost of debt issuance	**-**	**1,780,916**	**1,780,916**	1,570,705
Allowance for loan loss	**370,542**	**6,590,598**	**6,961,140**	9,207,469
Changes in operating assets and liabilities			**-**	
(Decrease) in due from Department of Education	**(402,574)**	**(584,904)**	**(987,478)**	(656,697)
(Increase) decrease in due from SCSEAA	**2,493,020**	**7,928,660**	**10,421,680**	(10,392,924)
Decrease in interest due from borrowers	**758,049**	**13,551,470**	**14,309,519**	15,314,490
(Increase) in accounts receivable	**(1,951,141)**	**-**	**(1,951,141)**	(113,237)
(Increase) decrease in accrued investment income	**(79,572)**	**21,386**	**(58,186)**	(38,725)
(Increase) decrease in prepaid expenses	**29,432**	**3,366**	**32,798**	(90,448)
Increase (decrease) in interest payable	**-**	**(775,631)**	**(775,631)**	241,210
Increase (decrease) in accounts payable	**2,549,349**	**(57,983)**	**2,491,366**	342,500
Increase (decrease) in deferred revenue	**(673,338)**	**(46,765)**	**(720,103)**	1,625,581
Increase (decrease) in accrued pension payable	**(2,407,855)**	**-**	**(2,407,855)**	2,756,193
Increase (decrease) in compensated absences	**237,507**	**-**	**237,507**	334,348
Increase in teacher loan liability	**-**	**184,015**	**184,015**	115,680
(Decrease) in due to SCSEAA	**-**	**(91,576)**	**(91,576)**	(39,869)
Increase (decrease) in due to (from) other funds	**218,969**	**(218,969)**	**-**	-
Net cash provided by operating activities	**5,721,922**	**38,995,831**	**44,717,753**	41,123,770
Cash Flows from Investing Activities				
Purchase of property and equipment	**(229,115)**	**-**	**(229,115)**	(5,345,653)
Principal payments and transfers on student loans	**31,441,354**	**683,598,308**	**715,039,662**	401,990,557
Purchase and issuance of student loans	**(14,346,917)**	**(392,540,945)**	**(406,887,862)**	(135,177,500)
Teacher loan cancellations	**-**	**5,726,172**	**5,726,172**	5,063,394
Purchase of investments	**(661,896)**	**-**	**(661,896)**	(14,062,784)
Net cash provided by investing activities	**16,203,426**	**296,783,535**	**312,986,961**	252,468,014

(Schedule Continued on Page 7)

See notes to consolidated financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE AMOUNTS FOR 2012)

	2013			2012 Totals Memorandum Only
	Unrestricted	**Temporarily Restricted**	**Total**	
(Schedule Continued from Page 6)				
Cash Flows from Financing Activities				
Issuance of bonds	**$ -**	**$ 323,620,000**	**$ 323,620,000**	$ -
Proceeds from financing loans	**-**	**4,476,367**	**4,476,367**	19,580,364
Payments on financing loans	**-**	**(8,337,586)**	**(8,337,586)**	(7,182,790)
Payments on lines of credit	**-**	**(307,316,715)**	**(307,316,715)**	(39,438,705)
Payments of bonds	**-**	**(382,055,377)**	**(382,055,377)**	(320,054,016)
Payments of bond issuance costs	**-**	**(1,811,281)**	**(1,811,281)**	-
Net cash (used in) financing activities	**-**	**(371,424,592)**	**(371,424,592)**	(347,095,147)
Net increase (decrease) in cash and cash equivalents	**21,925,348**	**(35,645,226)**	**(13,719,878)**	(53,503,363)
Cash and Cash equivalents				
Beginning	**72,365,308**	**137,700,648**	**210,065,956**	263,569,319
Ending	**94,290,656**	**102,055,422**	**196,346,078**	210,065,956
Supplemental Disclosures of Cash Flow Information				
Cash payments for interest	**-**	**28,829,342**	**28,829,342**	32,293,287
Disposal of fully depreciated property and equipment	**$ 783,760**	**$ -**	**$ 783,760**	$ 90,256

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: The South Carolina Student Loan Corporation ("Corporation" or "SCSLC") was incorporated November 15, 1973, under the Laws of the State of South Carolina. Its corporate goal is to receive, disburse and administer funds exclusively for educational purposes without pecuniary gain or profit to its members and to aid in the fulfillment of the desire and direction of the People of South Carolina in making loans available to students and parents to attend eligible post secondary institutions. Funds from various sources are administered by the Corporation to achieve this goal.

On January 1, 2011, SCSLC signed an agreement with Performant Financial Services (PFC) to provide debt collection services as a subcontractor for loans held by the United States Department of Education (DOE) for which PFC is collecting under a Master Servicing Agreement with the DOE. On April 1, 2011, SCSLC formed EdVantage Corporation (EdV), which is a controlled affiliate of SCSLC for the purpose of providing this subcontractor service. EdVantage continues to provide subcontractor services for PFC and also continues to review options available to it for obtaining a primary Direct Loan (DL) Collection Contract Agreement with the DOE. In August 2013, EdVantage submitted a response to a solicitation from the DOE for primary Direct Loan Collection services. The DOE is scheduled to make awards from this solicitation in January 2014. This subcontracting with PFC agreement is to terminate upon SCSLC/EdVantage obtaining a primary Direct Loan Collection Contract Agreement with the DOE.

On May 17, 2011, SCSLC entered into a Memorandum of Understanding with the DOE to provide Direct Loan Servicing activities for loans held by the DOE. SCSLC was awarded Authority to Operate (ATO) status on June 25, 2012, from the DOE for a ninety (90) day period. SCSLC was also awarded "go live" status on August 20, 2012, and SCSLC began providing these services in October 2012 under the name of EdManage, which is a functional area under SCSLC doing business as EdManage. EdManage entered this agreement with the DOE with the understanding that it would receive an initial allocation of 100,000 accounts to service, with the expectation that additional loan allocations would be received at later dates. In April 2013, the DOE notified all not-for-profit (NFP) DL Servicers that future loan allocations would be suspended indefinitely as a result of sequestration. As a result of the indefinite suspension of future loan allocations, EdManage contacted the DOE on May 22, 2013, and requested that they be authorized to discontinue their DL servicing program and be allowed to transfer their DL Loans to another DL Servicer. On June 7, 2013, EdManage received authorization from the DOE to become a subcontractor instead of a prime contractor and to transfer their DL Loans to another NFP DL servicer, subject to several conditions. EdManage met the transfer conditions and is scheduled to transfer their loan portfolio on August 29, 2013, to another DL servicer.

On February 26, 2013, SCSLC bought the remaining interest in Educational Loan Services d/b/a Campus Partners (see Note 4).

The Corporation administers the operations of the South Carolina State Education Assistance Authority (Authority). The Authority is a body politic and corporate and a public instrumentality of the State of South Carolina. The Authority is part of the State of South Carolina created by Act No. 433 of the Acts and Joint Resolutions of the General Assembly for the year 1971, now codified as Chapter 115, Title 59 of the Code of Laws of South Carolina, 1976 as amended. The Authority is governed by its members, who are the members of the State Budget and Control Board (Board). The Board consists of five (5) members by virtue of their position in state government. They are the Governor, Treasurer, Comptroller General, Chairman of Senate Finance Committee and Chairman of South Carolina House of Representatives Ways and Means Committee.

The basic, but not the only, criteria for including a component unit in the reporting entity is the governing body's oversight responsibility for such component unit. Financial accountability is the most important element of oversight responsibility. Neither the Authority nor the Corporation is considered a component unit of the other because each is a legally separate organization and not financially accountable to/for the other.

The accompanying financial statements present the consolidated financial position, results of operations and cash flows of the South Carolina Student Loan Corporation and its controlled affiliate and subsidiary.

Overall operating arrangement: The Authority, as a guaranty agency, has approved the Corporation as an eligible lender to administer the Federal Family Education Loan (FFEL) Program. It is the duty of the Corporation to process applications, make student loans and collect principal, interest, fees and penalties on such loans. Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace and deferred periods by the DOE. Upon entering the repayment period, the interest is paid by the borrower. Effective July 1, 2010, the FFEL program was discontinued and all future federal loans are originated through the Direct Loan program. The Corporation does, however, continue to make private student loans.

Note 1. Summary of Significant Accounting Policies (Continued)

Overall operating arrangement (continued): The Corporation financed both FFEL and private student loans using several sources. One source is the issuance of tax-exempt revenue bonds by the Authority. The Corporation, using the proceeds of these bonds as described in Note 7, makes loans. The Corporation remits proceeds on these loans to the Authority as required by loan agreements.

The operations of the Authority are administered by employees of the Corporation. The Authority reimburses the Corporation upon request for the actual operating costs and expenses plus reasonable capital costs incurred in accordance with a previously approved budget.

During fiscal 1984-85, the Corporation began administering the Teacher Loan Program (TLP). The TLP is a part of the Education Improvement Act of 1984 (Act) passed by the South Carolina General Assembly. The Corporation was named in the Act as the administrator of this program. The funds for operations and for making loans are provided by state appropriations. The intent of the program is to attract, through financial assistance, talented individuals and to encourage them to enter teaching in areas of critical need within the state. Loans are canceled at the greater of a specified dollar amount or 20% to 33 1/3% per year for each year of teaching in a critical subject and/or location. These loans are repaid by the borrower if the borrower does not teach. TLP loans made for academic years before 1994-95 are guaranteed by the Authority. Loans made for academic years 1994-95 or after are non-guaranteed.

During the 1995-96 year, the Corporation began making and servicing alternative loans through the Palmetto Assistance Loan Program (PAL). PAL offered supplemental loans for students and parents of students enrolled at least half-time in an eligible school and for fourth year medical students with specified Federal loans originated through SCSLC who were seeking funds for their residency and relocation. These loans were funded from Corporation accumulated unrestricted net assets and bond funds. The Corporation discontinued offering this PAL loan program in December 2008 due to lack of funds.

During the 2009-2010 year, the Corporation restructured PAL and began marketing the restructured program. The new PAL restricts the offering of loans only to students. The student must be enrolled on at least a half-time basis in a certificate or degree granting program and attending an eligible school in the state of South Carolina, or be a resident of South Carolina and attending an eligible college or university within the United States. These loans are funded by an $ 85,000,000 bond offering issued by the South Carolina State Education Assistance Authority dated October 2, 2009.

During May 2013, the Corporation began offering PAL Consolidation Loans. The new PAL Consolidation Loan restricts the offering of loans to students who are in a grace period, or post-enrollment repayment status and in good standing on all education loans being consolidated. The student must have a FICO score of 670 or above and a debt to income ratio of 30% or less. The student also must have loans made for attendance at Title IV eligible schools located in the United States, be a South Carolina resident or a nonresident with eligible loans made for attendance at eligible in-state schools, and cannot be incarcerated. These consolidation loans are being funded from the balance sheet of the Corporation.

The Corporation has entered into other financing agreements to provide additional funding for student loans (See Note 9).

Basis of accounting: These statements are prepared using the accrual method of accounting recognizing income when earned regardless of when received and expenses when incurred regardless of when paid.

Consolidation policy: The consolidated financial statements include the accounts of the Corporation and its controlled affiliate, EdVantage and subsidiary, Campus Partners. All material inter-corporation accounts and transactions of the consolidated subsidiary have been eliminated in the consolidation.

Display of net assets by class: The Corporation adheres to the disclosures and display requirements of ASC 958 Not-For-Profit-Entities. ASC 958 establishes standards for external financial reporting by non-profit organizations and requires that resources be classified for accounting and reporting purposes as follows:

Unrestricted net assets: Net assets that are not subject to restrictions. These net assets, including Board designated, are legally unrestricted and can be used in any Corporation activity.

Temporarily restricted net assets: Net assets subject to restrictions that will be met either by actions of the Corporation and/or the passage of time. These net assets are made up of guaranteed student loans and cash from various funding sources.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Display of net assets by class (continued):

Permanently restricted net assets: Net assets subject to stipulations that must be maintained permanently by the Corporation. The Corporation does not have any such net assets.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the Corporation considers all certificates of deposit, regardless of maturity, and Treasury Bills, commercial paper and money market funds with a maturity of three months or less, including those that are classified as restricted assets, to be cash equivalents.

Concentration risk: The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2013, all of the Corporation's cash was held in demand deposit accounts covered by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name.

Investments: Investments are valued at fair market value. Realized and unrealized gains and losses on sale of investments are determined based on the cost of investments.

Allowance for teacher loan cancellations: The allowance for cancellations on teacher loans represents the Corporation's estimate of teachers who will teach in critical need areas in South Carolina and meet the criteria for annual cancellation of the greater of a specified dollar amount or 20% to 33 1/3% of their loan balances. In making the estimate, the Corporation considers the trend in the loan portfolio and current operating information. The allowance is based on total teacher loans times the expected cancellation rate. The evaluation is inherently subjective and the allowance could significantly change in the future. The allowance was $ 13,459,883 at June 30, 2013. The Corporation maintains $ 581,513 as a liability at June 30, 2013, for the undisbursed funds from the Teacher Loan Program. The Corporation matches the receipt of the funds from the State of South Carolina with the disbursement of the funds to the teachers who are expected for cancellation.

Provision for losses on student loans: The provision for losses on student loans represents the Corporation's estimate of the costs related to the 2% to 3% risk sharing on FFEL loans and losses related to servicing all guaranteed loans by the Corporation that are not covered by its financings (See Note 6). The Corporation makes no provision of losses on student loans securing any of its financings as all of the borrowings disclosed in Note 6 are nonrecourse to the Corporation. The holders of the Bonds have all the credit risk for student loan losses that occur in each "trust estate". The provision also includes an estimate for non-guaranteed loans. In making the estimate, the Corporation considers the trend in default rates in the loan guarantee portfolio, past and anticipated loss experience, current operating information, and changes in economic conditions. The evaluation is inherently subjective and the provisions may significantly change in the future. Additionally, the Corporation maintains a 100% allowance for all PAL loans past due 180 days or greater. The allowance for loan losses was $ 34,628,123 at June 30, 2013, (see Note 6 on Federal Reinsurance of FFEL loans).

Property and equipment: Property and equipment costing over $ 10,000, for SCSLC and $ 3,500 for its Campus Partners subsidiary is capitalized at cost when purchased. Depreciation has been provided using the straight-line method over useful lives of three to ten years for furniture and equipment, three years for automobiles and computers and thirty-nine years for the building.

Amortization of deferred cost of issuance of bonds and bond premiums and accretion of bond discounts: Cost of issuance of bonds and bond premiums and discounts are being amortized/accreted over the lives of the bond issues on a straight-line basis and are included in operating expenses.

Compensated absences: Annual leave is earned at the rate of 12 to 25 days per year depending on length of employment. Employees are expected to use at least one week (5 consecutive days) each year. Earned, but unused, annual leave will be paid when an employee terminates his/her employment except when this termination is involuntary or inadequate notice is given. Sick leave is earned at the rate of 10 days per year. Employees are not paid for earned, but unused, sick days upon termination of employment.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Income taxes: The Corporation is exempt from federal and state incomes taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Corporation's tax positions and concluded that the Corporation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Corporation is no longer subject to income tax examination by the U.S. federal, state or local tax authorities for years before 2009.

Recent accounting matters: In May 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS,* (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements,* to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRS). Some of the amendments clarify the application of existing fair value measurement requirement, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011.

In October 2012, the FASB issued ASU 2012-04, *Technical Corrections and Improvements.* The amendments in this update cover a wide range of Topics in Accounting Standards Codification, including plan accounting. These amendments include technical corrections and improvement to the Accounting Standards Codifications and conforming amendments related to fair value measurements. The amendments in this update were immediately effective upon issuance. This update has no significant impact on these financial statements.

Comparative amounts: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Note 2. Cash and Cash Equivalents

As of June 30, 2013, cash and cash equivalents include demand deposits and short-term investments with a maturity of three months or less as follows:

	Cost	Market Value
Unrestricted		
South Carolina State Treasurer pool	$ 148,312	$ 148,312
Money market	3,380	3,380
Collateralized demand deposits	94,138,574	94,138,574
Total unrestricted	94,290,266	94,290,266
Temporarily Restricted		
Collateralized demand deposits	266,339	266,339
Money market	41,103,652	41,103,654
South Carolina State Treasurer pool	14,231,270	14,476,541
Guaranteed investment contracts	46,208,888	46,208,888
Total temporarily restricted	$ 101,810,149	$ 102,055,422

Cash and Cash Equivalents included in the Teacher Loan Program include the South Carolina State Treasurer Pool totaling $ 14,476,541.

Note 3. Investments

Market value of investments is determined by quoted market values and consists of the following as of June 30, 2013:

	Cost	Market Value
Mutual funds	$ 5,133,504	$ 5,656,571
Money market	431	431
Corporate bonds	40,353,033	40,459,672
Insured deposits	10,492,389	10,492,389
Total	$ 55,979,357	$ 56,609,063

Notes to Consolidated Financial Statements

Note 3. Investments (Continued)

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position.

Note 4. Investment in Educational Loan Services (ELS) d/b/a Campus Partners

On November 23, 2011, SCSLC signed a contract with Educational Loan Servicing, LLC (ELS) d/b/a Campus Partners (CP) as a vendor to provide a platform and servicing functionality sufficient to meet the requirements for servicing the United States Department of Education (DOE) Direct Loans. Subsequently, on February 1, 2012, SCSLC purchased 27.67% ownership of CP for $ 4,000,000 from JPT Partners (JPT), which is the sole owner of all equity of ELS. with an option to purchase from JPT Partners (JPT) an additional 23.37% at a later date for $ 3,500,000 for a total ownership of 50.00%. As a result of several delays by CP in providing the contracted servicing platform for Direct Loans, SCSLC evaluated its current investment in and declined to make the additional $ 3,500,000 investment. On June 20, 2012, SCSLC made an offer under certain conditions to CP to provide a revocable line of credit for $ 6,000,000 for a term of three years at a rate of prime plus 1.5% to provide CP sufficient funding to complete the development of the servicing platform. Additional terms of the offer to provide the $ 6,000,000 line of credit was that the initial $ 4,000,000 investment would represent a 51.00% ownership by SCSLC, as SCSLC believed that the equity value had declined as a result of the delays in the delivery of the servicing platform. Also, the Board of Directors of ELS would be restructured from three members to five members with three members appointed by SCSLC and two members appointed by JPT. All decisions would be approved by a majority vote. The amended offer term sheet also included several less significant provisions that would need to be met in order for SCSLC to provide the line of credit. On July 30, 2012, SCSLC extended the revocable $ 6,000,000 to CP and as a result of the conditions to provide the note, SCSLC obtained an additional 23.33% of ELS for a total ownership of 51%. On February 26, 2013, SCSLC purchased the remaining 49% of equity in CP from ELS for a purchase price of $ 1,245,000, resulting in an ownership of 100% of CP.

Note 5. Amounts Due from/to the Corporation

As of June 30, 2013, the Authority owes the Corporation funds collected on their behalf of $ 15,233,199, which are required to be paid by the tenth of each month. The Corporation owes the Authority funds it contributed to the 2010-1 General Resolution $ 39,835,008 (see Note 7) and $ 759,750 for interest on the 2009 PAL bond.

Note 6. Federal Family Education Loans and Federal Reinsurance of FFEL Loans

In 2013 and 2012, these loans were bearing interest at fixed rates ranging from 2.875% to 12.000% or an annual variable rate of 1.79% to 3.44%. The annual variable rate is reset each July 1 using the bond equivalent rate of the 91-day or 52-week Treasury Bill, determined at the final auction held prior to the immediately preceding June 1, plus 1.7%% to 3.25% with a cap on the rate of 8.25% to 12%. The repayment period for these loans is five (5) to thirty (30) years with a minimum payment of $ 360 or $ 600 per year, except in the case of income-based repayment plans. Repayment of principal may be scheduled to begin within sixty (60) days of final disbursement or six (6) to ten (10) months after the student graduates or ceases to be enrolled on at least a half-time basis in an eligible institution.

Certain borrowers may elect an income-based repayment plan, which can result in a payment amount less than is required to fully pay principal on the loan. After 25 years in the income-based repayment plan, any remaining debt is discharged.

Loans are insured against death, disability and default by the Authority at 97% to 100% and are reinsured by the U.S. Department of Education up to 100% for loans made prior to October 1, 1993; up to 98% for loans made on or after October 1, 1993, but on or before June 30, 2006; and 97% for loans made on or after July 1, 2006. Total loans insured by the Authority at June 30, 2013, are $ 2,420,366,399.

Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace and deferred periods by the U. S. Department of Education. Upon entering the repayment period, the interest is paid by the borrower.

The origination fee for Stafford loans was 3% for loans first disbursed on or before June 30, 2006. It decreased to 2% on July 1, 2006; to 1.50% on July 1, 2007; 1% on July 1, 2008; and 0.50% on July 1, 2009. The origination fee for Stafford Loans was eliminated as of July 1, 2010. The origination fee for PLUS loans remained at 3% through June 30, 2010. This fee is no longer paid/received after July 1, 2010, due to SCSLC no longer originating FFEL loans.

Note 6. Federal Family Education Loans (FFEL) and Federal Reinsurance of FFEL Loans (Continued)

The Health Care and Education Reconciliation Act of 2010 (HCRA) was signed into law on March 30, 2010, requiring that all new federal student loans be originated through the Federal Direct Loan program as of July 1, 2010. The Corporation's ability to originate FFEL loans terminated on June 30, 2010. As a result, the Corporation's servicing revenues were reduced during the year as the aggregate loan portfolio being serviced by the Corporation began to decline. Additionally, since the FFEL loan program was the major component of the Corporations lending activity, it is expected that the future asset growth and related earnings on that portion of the asset growth will be impacted. The Corporation is currently evaluating the potential impact to its future revenue stream and is also currently exploring alternative revenue sources. The potential impact cannot be reasonably predicted.

Note 7. Bonds Payable

The Corporation issued bonds for the first time in the year ended June 30, 1997. All of the Corporation's bonds and notes are secured only by loans funded by bond proceeds or otherwise pledged, related revenue from such loans, investments and earnings on investments in related accounts and by a debt service reserve funded from bond proceeds. The Corporation's bonds and notes are each secured by assets held by a trustee in one of five trust estates governed by the applicable general resolution and other bond documents. The bond documents require the Corporation to accumulate collections from borrowers to pay principal and interest on bonds. The bonds and notes do not constitute a debt, liability or obligation of the State of South Carolina or any agency thereof but are limited obligations of the Corporation.

The debt service funds in the applicable general resolution contain assets equal to the interest and principal accumulated to make the next payments of principal and interest due. As of June 30, 2013, the Corporation held funds on deposit in the debt service funds of $ 14,706,108.

The bonds outstanding as of June 30, 2013, are as follows:

Issued	Original Amount	Maturity Date	Balance Outstanding 6/30/2012	Issued (Retired) During FY 13	Balance Outstanding 6/30/2013
11/10/04	$ 180,000,000	6/1/2034	$ 141,550,000	$ (6,000,000)	$ 135,550,000
7/19/05	700,000,000	12/3/18 - 12/1/23	565,350,000	(76,298,000)	489,052,000
7/11/06	500,000,000	12/2/19 - 12/1/22	466,215,000	(87,000,000)	379,215,000
10/25/06	182,000,000	9/4/2046	135,950,000	(6,550,000)	129,400,000
6/25/08	600,000,000	9/2/14 - 9/3/24	390,583,261	(74,999,671)	315,583,590
11/30/10	920,000,000	1/25/21 - 10/27/36	817,014,364	(117,239,031)	699,775,333
2/20/13	323,620,000	1/25/2041	-	309,651,326	309,651,326
			$ 2,516,662,625	$ (58,435,376)	$ 2,458,227,249

London Interbank Offered Rate (LIBOR) Indexed Bonds Secured by 1996 General Resolution

The Corporation's LIBOR Indexed Bonds in the 1996 General Resolution totaled $ 868,267,000 as of June 30, 2013, and have variable interest rates equal to three-month LIBOR plus 0.09% to 0.14%, as adjusted quarterly. Throughout the year ended June 30, 2013, none of the rates exceeded 0.60685%. Future interest payment projections are based upon the eight-year weighted average rate at June 30, 2013, which was 1.722%.

The LIBOR Indexed Bonds are subject to pro rata principal reduction payments prior to maturity based on targeted amortization schedules. The current liability disclosed on the balance sheet as of June 30, 2013, of $ 204,385,000 is based on this targeted amortization; however, based on the estimated current assets of $ 89,965,000 for the same period, the Corporation will probably not be able to meet those targeted liabilities. Failure by the Corporation to make any such payment contemplated by an applicable Targeted Amortization Schedule for the LIBOR Indexed Bonds under the 1996 General Resolution does not constitute a payment default. The Corporation intends to follow these payment schedules with respect to these bonds, to the extent allowed by available funds after payment of required obligations during the targeted period.

Note 7. Bonds Payable (Continued)

Auction Rate Securities Secured by 2004 General Resolution

The Corporation's auction rate securities (ARS) totaled $ 264,950,000 as of June 30, 2013, and have variable interest rates determined by auctions every 28 days. These ARS experienced the first failed auction in February 2008, and have been in a failed auction mode since that time. The payment of principal and interest on the ARS, when due, is insured by Ambac Assurance Corporation. The interest rates are subject to a maximum of the lesser of (i) a nominal cap of 17% or 20%, depending on the series, or (ii) one-month LIBOR plus 1.50% to LIBOR plus 2.50%, depending on the then-current rating of the ARS. Due to the current rating on the bonds, they bear a rate of one-month LIBOR plus 2.50%. The ARS are subject to redemption in whole or in part at par plus accrued interest on the first day of any auction period.

Due to adverse market conditions, most auctions associated with ARS across a variety of sectors and asset classes have experienced widespread failure since February 11, 2008. All of the Corporation's auctions have failed since this date, and the interest rates have been set at the applicable maximum rates. This has had the effect of increasing the Corporation's relative cost of funds. Although the Corporation has no requirement to refinance its ARS, the Corporation was able to successfully refinance $ 275,000,000 of ARS as part of the 2008-1 Series transaction. On June 10, 2013, the Corporation initiated a Cash Tender Offer, an Exchange Offer, and a Consent solicitation to all bond holders of the 2004 General Resolution. The Corporation made this offer under the condition that fifty percent (50%), or more bondholders would be required to participate and that the offer would expire on July 10, 2013, at 5:00 p.m. New York City time. As a result of the failure of the offer not meeting the Participation Condition, the offer expired on July 10, 2013.

LIBOR Notes Secured by 2008-1 General Resolution

On June 25, 2008, the Corporation issued $ 600,000,000 of Student Loan Backed Notes, 2008-1 Series, with variable interest rates ranging from three-month LIBOR plus 0.50% to LIBOR plus 1%. Proceeds of the issue were used to (i) finance student loans, (ii) refinance certain prior bonds, (iii) fund the Debt Service Reserve Fund, (iv) fund the Operating Fund, (v) fund the Department Reserve Fund and (vi) pay cost of issuance.

Principal and interest on the LIBOR Notes are to be paid on each Distribution Date (the first business day of each March, June, September, and December beginning September 2008). Principal will be paid first on the A-1 Notes until paid in full, second on the A-2 Notes until paid in full, third on the A-3 Notes until paid in full and fourth on the A-4 Notes until paid in full. The LIBOR Notes issued under the 2008-1 General Resolution are subject to optional redemption on the Distribution Date immediately following the date when the Pool Balance is 10% or less of the Initial Pool Balance. The LIBOR Notes Secured by 2008-1 General Resolution balance as of June 30, 2013 was $ 315,583,590.

LIBOR Notes Secured by the 2010-1 General Resolution

On November 30, 2010, the Corporation issued $ 920,000,000 of Student Loan Backed Notes, 2010-1 Series, with variable interest rates ranging from three-month LIBOR plus 0.45% to three-month LIBOR plus 1.05%. Proceeds of the issue were used to (i) refinance the Corporation's credit facility with the Royal Bank of Canada, (ii) refinance prior indebtedness of the South Carolina State Education Assistance Authority, consisting of Auction Rate Securities issued under the Authority's 2002 General Resolution, (iii) fund the Debt Service Reserve Fund, (iv) fund the Capitalized Interest Fund, and (v) pay cost of issuance.

The Corporation transferred unencumbered FFEL loans of the Authority in the amount of $ 39,835,008 and unencumbered loans of the Corporation of $ 20,942,464 principal and interest to provide additional equity to the bond offering by increasing the parity of the bonds. The funds from both the Corporation and the Authority were provided through a Residual Trust Agreement, which allows for all remaining loans of the Trust to be shared between the Corporation and the Authority on a prorata basis, based on the percentage (%) contribution made by each entity once all bonds have been redeemed.

The Corporation entered into an agreement with Nelnet [currently one of the four approved Title IV Additional Servicers (TIVAS) for servicing of DL Loans for DOE] to provide backup servicing in the event of the failure of the current servicer to provide those services. As a result, the Corporation provides Nelnet a data file of the loans securing the Trust on a quarterly calendar basis.

Note 7. Bonds Payable (Continued)

LIBOR Notes Secured by the 2010-1 General Resolution (Continued)

Principal and interest on the LIBOR notes is to be paid on each Distribution Date (the twenty-fifth day of each January, April, July, and October, or the next business day if such day is not a business day). Principal will be paid first on the A-1 Notes until paid in full, second on the A-2 Notes until paid in full, and third on the A-3 Notes until paid in full. The Notes are subject to optional redemption on the next Distribution Date occurring when the Pool Balance is 10% or less of the Initial Pool Balance. The balance of the Notes as of June 30, 2013 was $ 699,775,333.

LIBOR Notes Secured by the 2013-1 General Resolution

On February 20, 2013, the Corporation issued $ 323,620,000 of Student Loan Backed Notes, 2013-1 Series, with a variable interest rate of one-month LIBOR plus 0.50%. Proceeds of the issue were used to (i) prepay the Corporation's Funding Note under the Straight A Funding federal conduit, (ii) refinance the Corporation's credit facility with the Royal Bank of Canada, (iii) fund a distribution to the Corporation for the pledge of certain FFELP student loans, (iv) fund the Debt Service Reserve Fund, (v) fund the Capitalized Interest Fund, and (vi) pay cost of issuance.

The Corporation entered into an agreement with Nelnet (currently one of the four approved TIVAS for servicing of DL Loans for DOE) to provide backup servicing in the event of the failure of the current servicer to provide those services. As a result, the Corporation provides Nelnet a data file of the loans securing the Trust on a quarterly calendar basis.

Principal and interest on the LIBOR notes is to be paid on each Distribution Date (the twenty-fifth day of each month, or the next business day if such day is not a business day). The Notes are subject to optional redemption on the next Distribution Date occurring when the Pool Balance is 10% or less of the Initial Pool Balance. The balance of the notes as of June 30, 2013 was $ 309,651,326.

Projected Debt Service

As of June 30, 2013, the scheduled debt service to retire the bonds and notes of the Corporation is as follows:

	Principal	Interest	Totals
2014	$ 204,385,000	$ 52,846,786	$ 257,231,786
2015	169,889,000	49,568,618	219,457,618
2016	148,153,000	46,680,557	194,833,557
2017	120,491,000	44,306,152	164,797,152
2018	373,250,071	41,336,791	414,586,862
2019	71,975,000	35,761,622	107,736,622
2020	95,707,520	34,795,949	130,503,469
2021	262,790,571	32,389,178	295,179,749
2022	-	28,938,760	28,938,760
2023	-	28,938,760	28,938,760
2024	-	28,938,760	28,938,760
2025	-	28,938,760	28,938,760
2026	403,000,000	23,647,403	426,647,403
2027	-	21,883,618	21,883,618
2028	-	21,883,618	21,883,618
2029	-	21,883,618	21,883,618
2030	-	21,883,618	21,883,618
2031	-	21,883,618	21,883,618
2032	-	21,883,618	21,883,618
2033	-	21,883,618	21,883,618

Notes to Consolidated Financial Statements

Note 7. Bonds Payable (Continued)

Projected Debt Service (Continued)

	Principal	Interest	Totals
2034	$ 135,550,000	$ 21,883,618	$ 157,433,618
2035	-	19,312,349	19,312,349
2036	-	19,312,349	19,312,349
2037	33,984,761	19,014,871	52,999,632
2038	-	18,717,393	18,717,393
2039	-	18,717,393	18,717,393
2040	-	18,717,393	18,717,393
2041	309,651,326	11,941,233	321,592,559
2042	-	2,454,609	2,454,609
2043	-	2,454,609	2,454,609
2044	-	2,454,609	2,454,609
2045	-	2,454,609	2,454,609
2046	-	2,454,609	2,454,609
2047	129,400,000	613,652	130,013,652
Totals	$ 2,458,227,249	$ 790,776,718	$ 3,249,003,967

The weighted average interest rate used for future interest payment projections was 1.722%. An additional 0.150% was added to this rate when calculating the 2004 Resolution in order to account for Broker Dealer Fees. This estimate is inherently subjective and the rate may change significantly in the future.

As outlined in the 2004 General Resolution, the 2008-1 General Resolution, the 2010-1 General Resolution, and the 2013-1 General Resolution the Corporation is making either optional redemption payments or principal distributions to pay down the bonds when they receive excess revenues from the student loan receivables. At June 30, 2013, the Corporation estimated they would make optional redemption or principal distribution payments for the next year in the amount of $ 213,500,000.

Note 8. Notes Payable - Finance Loans

Each bond resolution of the Authority requires that all funds advanced to SCSLC by the Authority for the purpose of making student loans be evidenced by a loan agreement, assignment of collateral and assignment of revenues between the two parties, with the student loans providing security to the bond trustee. Advances to the Corporation from the Authority's 2009 PAL General Resolution are made pursuant to a loan agreement dated October 29, 2009. Since the bonds for the 2009 PAL were issued after the peak Student Loan Funding period, the Corporation was only able to finance new student loans of approximately $ 40,000,000, while the bonds outstanding were $ 85,000,000. Due to market conditions during the 2009-2010 fiscal year and restrictions on types of investment instruments available to the Authority, interest earned on its investments from the excess funds received from the bond issuance was less than the interest expense of the bonds. The terms of the note agreement between SCSLC and the Authority, as a result of the 2009 PAL General Resolution, require the Corporation to reimburse the Authority for the difference between the interest earned and the interest expense. The Corporation was aware of this situation at the time of issuance of the bonds, but expected loan activity during the 2010-2011 school year would be sufficient to allow it to recover from this situation in the near term. As a result of the Corporation reimbursing the Authority for the negative spread on interest during fiscal 2010, the Corporation realized a loss for the year in the 2009 PAL Resolution and ended the year with a negative Net Asset Balance. During Fiscal 2012-2013, market conditions continued to be suppressed resulting in additional negative spread on interest and a realized loss for the year in the 2009 PAL Resolution. Each loan is calculated as set forth in the respective loan agreements.

The finance loan balances as of June 30, 2013 and 2012 are as follows:

Bond Resolution	Balance 6/30/2013	Balance 6/30/2012
2009	**$ 64,615,700**	$ 68,476,918

Note 9. Other Notes Payable – Straight-A Funding

On July 7, 2009, the Corporation entered into an agreement with DOE under the Loan Purchase Commitment Program, (commonly known as Conduit, or Straight-A funding) to finance all of the outstanding loans in the 2008-2009 LPP program in addition to $ 155.6 million of outstanding loans issued under the 1993 Resolution for an aggregate amount of $ 372.4 million. The agreement was finalized on July 30, 2009. The Conduit, or Straight-A funding, facility provides liquidity support to eligible student lenders for FFEL Program Stafford and PLUS loans first disbursed by September 2009. In addition to providing financing cost based on market rate, a significant benefit to lenders is that eligible loans are permitted to have borrower benefits. Funding from the Conduit is provided indirectly by the capital markets through the sale to private investors of government back-stopped asset-backed commercial paper. The Corporation received funding equal to 97% of the principal and interest of the pledged student loans through the issuance of a funding note which was purchased by the Conduit. The Funding note matures on June 30, 2015. The commercial paper issued by the Conduit has short-term maturities generally ranging up to 90 days. In the event the commercial paper issued by the Conduit cannot be reissued at maturity and the Conduit does not have sufficient cash to repay investors, the Federal Financing Bank (FFB) has committed to provide short-term liquidity to the Conduit. If the Conduit is not able to issue sufficient commercial paper to repay its investors or liquidity advances from the FFB, the Corporation can either secure alternative financing and repay the Conduit borrowings or sell the pledged student loans to DOE at a predetermined price based on first disbursement date and certain other loan criteria. On February 20, 2013, the Corporation issued $ 323,620,000 of Student Loan Backed Notes, 2013-1 Series. Proceeds from the 2013-1 issuance were used to pay off the outstanding balance of the Straight-A Funding.

Note 10. Special Allowance Income or Expense

As an inducement to the lender to make guaranteed student loans, the DOE pays the Corporation a special allowance on the unpaid principal of the Federal loans which is based on a variable percentage rate. It was instituted to assure the interest rate and other limitations of the Higher Education Act, in the context of the market conditions, would not adversely affect access to student loans or cause the rate of return on student loans to be less than equitable.

For loans disbursed prior to April 1, 2006, lenders are entitled to retain interest income in excess of the special allowance support level in instances when the loan rate exceeds the special allowance support level. However, lenders are not allowed to retain interest income in excess of the special allowance support level on loans disbursed on or after April 1, 2006, and are required to rebate any such excess interest to the federal government on a quarterly basis. This modification effectively limits lenders' returns to the special allowance support level. For the year ended June 30, 2013, the Corporation remitted $ 62,489,482 of interest income in excess of the special allowance support level to the DOE.

Note 11. Employee Benefit Plans

Money Purchase Pension Plan

The Corporation provides retirement benefits through the South Carolina Student Loan Corporation Money Purchase Pension Plan (MPPP) for all employees who have completed one year of service and attained age 21. The MPPP was originally established on July 1, 1975. BB&T is the Trustee of this plan. This is a defined contribution plan in which the employer contributes 5.6% of the participant's total annual compensation plus 5.6% of compensation exceeding the social security wage base. Contributions are paid monthly. A participant is 20% vested after two years service and 100% vested after six years of service. A participant receives normal retirement at age sixty-five. At termination of employment or reaching normal retirement age, the participant has the right to elect to receive all or any portion of his vested benefit derived from employer contributions. Voluntary contributions are not permitted. Forfeitures under the plan reduce the employer's contribution in the year following the plan year in which the forfeiture occurs. The total retirement expense for 2013 was $ 370,724 of which the Authority reimbursed $ 57,047, and is fully funded.

403(b) Defined Contribution Plan

The South Carolina Student Loan Corporation 403(b) Defined Contribution Plan was established on November 5, 2002, and subsequently amended on January 1, 2009. The plan provides for a 5% contribution by the Corporation based on the participant's total annual compensation. The total amount contributed under the plan in 2013 was $ 312,996 of which the Authority reimbursed $ 46,684 for its employees. All employees who have completed one year of service and attained age 21 are eligible to receive employer contributions. Contributions are 100% vested when made.

Note 11. Employee Benefit Plans (Continued)

401(k) Profit Sharing Plan

SCSLC's subsidiary, Campus Partners (CP) maintains a defined contribution 401(k) profit sharing plan for all employees who have six months of service and attained the age of 21. Participants may make voluntary contributions equal to 100% of elective deferrals, up to 3% of each participant's annual compensation. Campus Partners may also elect to make discretionary contributions. CP contributions to this plan vest ratably over a four year period, beginning with the second year of participation. Contribution expense for the year ended June 30 2013 was $ 73,403.

Tax Deferred Annuity

The Corporation established the South Carolina Student Loan Corporation TDA (Tax Deferred Annuity) GSRA (Group Supplemental Retirement Annuity) on January 1, 1995, which was subsequently amended on January 1, 2009. All employees are eligible to participate in the Tax Deferred Annuity upon hire. Employee participation in this plan is voluntary and funded only through employee contributions. Employee contributions are 100% vested immediately with investment of the contributions within the plan being employee self-directed.

457(b) Deferred Compensation Plan

On November 15, 2002 the Corporation established the South Carolina Student Loan Corporation 457(b) Deferred Compensation Plan. Key management employees are eligible to participate in this plan. Employee participation in this plan is voluntary and funded only through employee contributions. Employee contributions are 100% vested immediately with investment of the contributions within the plan being employee self-directed.

Defined Benefit Pension Plan

The Corporation established the South Carolina Student Loan Defined Benefit Plan (DBP) on July 1, 1998. The defined benefit pension plan covers substantially all employees with a minimum one year of service and 21 years of age. The DBP provides benefits based on the average of a participant's highest five consecutive years of pay. The benefit formula uses one percent of this average pay times years of service not to exceed thirty (30) years. The Corporation pension funding policy is to make at least the minimum annual contribution that is actuarially computed by the projected unit credit method required by this plan. The following sets forth the benefit obligation, the fair value of plan assets, and the funded status of the Corporation's plan, as well as the amounts recognized in the Corporation's financial statements at June 30, 2013:

	Defined Benefit Plan
Change in benefit obligation:	
Benefit obligation at end of prior plan year	$ (13,363,751)
Service cost	(427,465)
Interest cost	(528,940)
Actuarial gain/(loss)	1,517,168
Actual distributions	316,110
Benefit obligation at end of year	(12,486,878)
Change in plan assets:	
Plan assets at fair value at beginning of year	11,356,252
Actual return on plan assets	1,317,789
Actual employer contributions	600,000
Actual distributions/benefits paid	(316,110)
Plan assets at fair value at end of year	12,957,931
Funded status at end of year	471,053
Amounts recognized in the statements of financial position consist of:	
Other assets	$ 471,053

Notes to Consolidated Financial Statements

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan (Continued)

	Defined Benefit Plan
Amounts recognized in the Consolidated Statement of Financial Position consists of:	
Other assets	$ 471,053
Amounts recognized in unrestricted net assets consists of the following:	
Unrecognized net actuarial loss	2,506,391
Unrecognized prior service cost	(69,652)
Net amount recognized	$ 2,436,739

The following are weighted average assumptions used to determine benefits, obligations and net periodic benefit cost as of June 30, 2013 and 2012. The measurement date of the projected benefits obligation and Plan assets was June 30, 2013.

	Defined Benefit Plan	
	2013	2012
Assumptions Used		
Weighted-average assumptions used in computing ending obligations		
Discount rate	4.80%	4.00%
Rate of compensation increase	4.00%	4.00%
Weighted-average assumptions used in computing net cost		
Discount rate	4.80%	4.00%
Rate of compensation increase	4.00%	4.00%
Expected return on plan assets	7.00%	7.00%

The Corporation's expected long-term return on plan assets assumption is based on a periodic review and modeling of the plans' asset allocation and liability structure over a long-term period. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (1) historical real returns, net of inflation, for the asset classes covered by the investment policy and (2) projections in inflation over the long-term period during which benefits are payable to plan participants.

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan (Continued)

Components of net periodic benefit cost and employee benefit-related changes other than net periodic pension cost are as follows:

	Defined Benefit Plan
Net Periodic Benefit Cost	
Service cost	$ 427,465
Interest cost	528,940
Expected return on plan assets	(805,347)
Amortization of prior service cost	(26,483)
Amortization of net (gain)/loss	668,973
Net periodic benefit cost	793,548
Administrative expenses	29,909
Net periodic benefit cost	823,457
Corporation's share	617,593
Authority's share	205,864
	$ 823,457

Employee benefit - related changes other than net periodic pension cost	Defined Benefit Plan
Net (gain)/loss	
Prior service cost	$ (1,993,452)
Amortization of prior service cost	26,483
Amortization of net (Gain)/loss	(668,973)
Employee benefit-related changes other than net periodic benefit cost	(2,635,942)
Corporation's share	(1,976,956)
Authority's share	(658,986)
	(2,635,942)
Total net periodic benefit cost and employee benefit-related changes other than net periodic benefit cost	$ (1,812,485)

The net pension (gain) expense for this Defined Benefit Pension Plan totaled $ (1,842,394) plus $ 29,909 of administrative expenses, totaling $ (1,812,485) for the year ended June 30, 2013. The Authority recorded an expense of $ (453,121) and the Corporation recorded an expense $ (1,359,364) to the expense for this Plan for its employees for the year ended June 30, 2013. No participant contributions are permitted by the pension plan.

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are $ 208,365 and $ (26,483), respectively. The accumulated benefit obligation for the defined benefit pension plan was $ 11,445,254 at June 30, 2013.

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan (Continued)

Defined Benefit Pension Plan assets include life insurance policies and mutual funds. See target asset allocation below.

The Corporation's target asset allocation as of June 30, 2013, by asset category, is as follows:

Asset Category	
Money market	4%
Equity securities	57%
Debt securities	31%
Insurance policies	8%
Total	100%

The Corporation's investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is reviewed quarterly by the Corporation and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner that is compliant at all times with applicable government regulations.

The Corporation expects to contribute $ 600,000 to its Defined Benefit Plan during 2013-2014.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits
2014	$ 444,200
2015	517,400
2016	546,200
2017	575,200
2018	612,300
Year 2019-2023	3,580,400

Note 12. Rental Property, Operating Leases and Commitments

The Corporation owns two office buildings and leases approximately 12% of building one and 18% of building two. The Corporation leased office space in building one to four (4) tenants as of June 30, 2013, with lease agreements of varying duration. Certain lease expense is charged to the Authority and EdVantage based on space occupied in building two. Building rental income included in other revenue for fiscal 2013 and 2012 was $ 60,423 and $ 169,640, respectively. Additionally, the Corporation leases computer software and mail room equipment for terms of 36 to 60 month periods. Future minimum lease payments are as follows:

2014	$ 259,269
2015	251,909
2016	45,402

Note 12. Rental Property, Operating Leases and Commitments (Continued)

Additionally, the Corporation's Campus Partners subsidiary leases office space in Winston Salem, North Carolina under the terms of a non-cancelable operating lease expiring March 2015. The lease contains fixed increases as well as increases based on Consumer Price Index (CPI) and requires CP to pay its share of any increases in real estate taxes and operating expenses. CP also leases certain office equipment under operating lease arrangements which expire through January 2017.

Future minimum lease payments under office lease obligation and equipment operating lease arrangements as of June 30, 2013, are as follows:

2014	$ 871,260
2015	565,814
2016	75,294
2017	42,408

Campus Partners has also entered in to various software licenses as detailed below:

Systemware License Agreement - CP entered into a license agreement with Systemware, Inc. in November 2011. The license fee is payable over five (5) years. The first year had equal quarterly installments of $ 7,060. Each subsequent year is to be paid in annual installments of $ 48,411. This agreement has a one (1) year renewal option for $ 53,252.

Sirius Computer Solutions Services Agreement - CP entered into a managed services agreement in October 2011 with Sirius Computer Solutions, Inc. to host the Company's loan servicing system. The term of the agreement is for sixty (60) months, with a monthly base payment of $ 89,500 in the first twelve (12) months of the agreement, and a monthly base payment of $ 129,700 due thereafter. This agreement has a three (3) month extension at the end of the term to negotiate the terms and length of a renewal agreement. This agreement has a three (3) year renewal term option. As a result of CP discontinuing the DL Servicing product, they are currently reviewing the capacity needs of the remaining business and expect to renegotiate this contract during the next year.

CA Technologies License Agreement - CP entered into a license agreement in September 2011 with CA Technologies. The term of the agreement is sixty (60) months. Quarterly payments under this agreement are approximately $ 100,000 per quarter for the first three (3) years and $ 80,000 per quarter thereafter. This agreement has a three (3) year renewal term option. As a result of CP discontinuing the DL Servicing product, they are currently reviewing the capacity needs of the remaining business and expect to renegotiate this contract during the next year.

Non-Recourse Sale Agreements - CP entered into three (3) non-recourse sale agreements in 2008. The sale agreements were consummated to transfer all rights, title and interest in private student loans retained on the Company's balance sheet in early 2008, and contained customary representations and warranties with respect to the condition of the private student loans as of the sale dates. As of June 30, 2013, the Company does not have any repurchase obligations with respect to breaches of the customary representations and warranties contained in these sale agreements, and views the probability of any future repurchase obligations as remote.

Note 13. Assets Released from Restrictions

Net assets during the year ended June 30, 2013, were released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of other events specified as follows:

Personnel	$	160,680
Contractual services		382,741
General operating		44,886
Interest on debt		28,261,623
TLP cancellations		5,726,172
Amortization of deferred cost of bond issuance		3,159,411
Payment to SC State Education Assistance Authority for student loan income		3,924,780
Loan fees		10,562,788
Reinsurance expense		1,664,853
Borrowers incentives		6,144,295
Broker dealer fees		403,628
Loan loss expense		6,590,598
Other		717,298
Total expenses		67,743,753
Transfer to issuance costs of 2013-1 bond		1,762,435
Transfer from taxable bond financings for loan servicing		14,607,351
Transfer from Straight A Conduit for loan servicing		1,179,515
Total	$	85,293,054

Note 14. Disclosures about Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Observable, unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets and inputs other than quoted prices, such as interest rates, yield curves and prepayment speeds.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair values measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

Cash and cash equivalents' carrying amounts approximate fair value because of the short maturity of those instruments. The fair value of the investments is based on quoted market rates or similar quoted market rates. Student loan receivables' carrying value approximates fair value based on like sale of student loans within the industry. In 2011, the Corporation sold a portion of its loans from the FFEL program at par value. Debt instrument's carrying value also approximates fair value based on the prices for the same or similar debt issues and on current rates offered to the Corporation for debt of the same remaining maturities with similar collateral requirements.

Note 14. Disclosures about Fair Value of Financial Instruments (Continued)

	Carrying Value	Estimated Fair Value
Financial Assets		
Cash and cash equivalents	$ 196,346,078	$ 196,346,078
Investments	56,609,063	56,609,063
Student loan receivables		
FFEL	2,393,966,316	2,393,966,316
Alternative and other	337,835,946	337,835,946
Financial Liabilities		
Notes payable	$ 64,615,700	$ 64,615,700
Bonds payable	2,458,227,249	2,458,227,249

		Fair Value Measurements at Reporting Date Using		
Description	6/30/2013	Quoted Prices in Active Markets for Indentical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Cash and cash equivalents	**$ 196,346,078**	**$ 196,346,078**	**$ -**	**$ -**
Money market	**431**	**431**	**-**	**-**
Insured deposits	**10,492,389**	**10,492,389**	**-**	**-**
Mutual funds	**5,656,571**	**5,656,571**	**-**	**-**
Corporate bonds	**40,459,672**	**-**	**40,459,672**	**-**
Student loan receivables	**2,731,802,262**	**-**	**2,731,802,262**	**-**
Total financial assets	**$ 2,984,757,403**	**$ 212,495,469**	**$ 2,772,261,934**	**$ -**
Financial Liabilities				
Notes payable	**$ 64,615,700**	**$ -**	**$ 64,615,700**	**$ -**
Bonds payable	**2,458,227,249**	**-**	**2,458,227,249**	**-**
Total financial assets	**$ 2,522,842,949**	**$ -**	**$ 2,522,842,949**	**$ -**

Note 15. Reclassifications

Certain reclassifications of fiscal year 2012 amounts were made on the statement of financial position and the statement of activities for comparability to fiscal year 2013 with no effect on the change in net assets.

Note 16. Board Designated Net Assets

During fiscal year 2006, the Board designated $ 100,000 to establish the Mackie Scholarship Fund to award scholarships to employees or family members of employees. As of June 30, 2013, no scholarships have been awarded under this program.

Note 17. Subsequent Events

The Corporation evaluated subsequent events through September 9, 2013, the date these financial statements were available to be issued. There were no material events that required recognition or additional disclosure in these financial statements other than below.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION BY FUND - UNRESTRICTED
JUNE 30, 2013

	Operating/SLC	Campus Partners	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 93,439,089	$ 851,567	$ -	$ 94,290,656
Investments	56,609,063	-	-	56,609,063
Investment in Campus Partners	(9,038,600)	-	9,038,600	-
Current portion of student loan receivables	3,007,344	109,889	(109,889)	3,007,344
Interest due from borrowers	315,734	4,276	-	320,010
Accounts receivable	9,134,394	1,825,429	(9,177,978)	1,781,845
Due from SC State Education Assistance Authority	79,873	-	-	79,873
Accrued investment income	285,670	103,384	(103,384)	285,670
Prepaid expenses	29,618	-	-	29,618
Due from (to) other funds	669,849	-	-	669,849
Total current assets	154,532,034	2,894,545	(352,651)	157,073,928
Long-Term Receivables and Other Assets				
Other student loan receivables less, current portion and allowance for loan loss	40,357,082	-	-	40,357,082
Overfunded defined benefit plan	471,053	-	-	471,053
Due from (to) other funds	20,942,464	-	-	20,942,464
Total long-term receivables and other assets	61,770,599	-	-	61,770,599
Property and Equipment				
Land	929,900	-	-	929,900
Building	6,144,448	-	-	6,144,448
Furniture and equipment	2,227,796	8,678,857	-	10,906,653
Automobiles	73,563	-	-	73,563
Less, accumulated depreciation	(2,283,013)	(8,108,090)	(570,767)	(10,961,870)
Net property and equipment	7,092,694	570,767	(570,767)	7,092,694
Total assets	223,395,327	3,465,312	(923,418)	225,937,221
LIABILITIES AND NET ASSETS				
Current Liabilities				
Current portion of notes payable - finance loans	-	8,896,336	(8,896,336)	-
Interest payable	-	243,137	(243,137)	-
Accounts payable	1,864,028	2,541,894	-	4,405,922
Deferred revenue	912,374	-	-	912,374
Accrued pension payable	308,270	-	-	308,270
Compensated absences	1,688,039	-	-	1,688,039
Due to United States Department of Education	(189,903)	-	-	(189,903)
Total current liabilities	4,582,808	11,681,367	(9,139,473)	7,124,702
Net Assets				
Board designated for scholarships	100,000	-	-	100,000
Unrestricted	218,712,519	(8,216,055)	8,216,055	218,712,519
Total net assets	218,812,519	(8,216,055)	8,216,055	218,812,519
Total liabilities and net assets	$ 223,395,327	$ 3,465,312	$ (923,418)	$ 225,937,221

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION BY FUND - TEMPORARILY RESTRICTED
JUNE 30, 2013

	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Straight-A Conduit	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	Total
ASSETS										
Current Assets										
Cash and cash equivalents	$ 14,476,541	$ -	$ 23,708,104	$ 9,685,204	$ 12,996,876	$ -	$ 32,689,457	$ 8,464,873	$ 34,367	$ 102,055,422
Current portion of student loan receivables	2,226,493	-	89,965,139	19,064,075	42,612,506	-	67,343,119	33,431,426	5,421,296	260,064,054
Interest due from borrowers	2,677,812	-	13,389,043	3,641,481	6,181,177	-	14,549,728	10,226,243	430,947	51,096,431
Due from SC State Education Assistance Authority	173,569	-	10,490,005	145,049	928,129	-	1,590,558	534,344	1,291,672	15,153,326
Accrued investment income	32,910	-	3,431	832	1,759	-	147	382	-	39,461
Prepaid expenses	-	-	-	11,025	-	-	37,697	-	-	48,722
Due from (to) other funds	127,803	-	1,500	(121,234)	(129,728)	-	(382,306)	(166,175)	291	(669,849)
Total current assets	19,715,128	-	137,557,222	32,426,432	62,590,719	-	115,828,400	52,491,093	7,178,573	427,787,567
Long-Term Receivables and Other Assets										
Other student loan receivables less, current portion and allowance for loan loss	-	-	891,943,798	240,876,644	304,663,270	-	640,295,440	271,431,263	54,538,080	2,403,748,495
Teacher loans receivable - less allowance for teacher loan cancellations and current portion	24,515,398	-	-	-	-	-	-	-	-	24,515,398
Deferred cost of issuance of debt	-	-	1,022,563	1,027,735	810,059	-	4,120,087	1,777,951	-	8,758,395
Due from (to) other funds	-	-	-	-	-	-	(20,942,464)	-	-	(20,942,464)
Total investments and long-term receivables	24,515,398	-	892,966,361	241,904,379	305,473,329	-	623,473,063	273,209,214	54,538,080	2,416,079,824
Total assets	44,230,526	-	1,030,523,583	274,330,811	368,064,048	-	739,301,463	325,700,307	61,716,653	2,843,867,391
LIABILITIES AND NET ASSETS										
Current Liabilities										
Current portion of notes payable - finance loans	-	-	-	-	-	-	-	-	5,421,296	5,421,296
Current maturities of bonds payable	-	-	204,385,000	16,822,222	74,999,670	-	117,239,033	-	-	413,445,925
Interest payable	-	-	264,557	270,863	261,758	-	1,608,757	35,764	-	2,441,699
Accounts payable	-	-	-	11,542	-	-	-	5,933	-	17,475
Deferred revenue	-	-	-	-	-	-	-	-	444,848	444,848
Teacher loan liability	581,514	-	-	-	-	-	-	-	-	581,514
Due to SC State Education Assistance Authority	-	-	-	-	-	-	-	-	759,750	759,750
Due to United States Department of Education	(33)	-	2,234,887	60,140	1,508,046	-	4,835,987	2,785,585	-	11,424,612
Total current liabilities	581,481	-	206,884,444	17,164,767	76,769,474	-	123,683,777	2,827,282	6,625,894	434,537,119
Noncurrent liabilities										
Bonds payable less, current maturities and bond	-	-	663,882,000	248,127,778	240,583,920	-	582,536,300	309,651,326	-	2,044,781,324
Less, bond discounts	-	-	2,977,106	-	203,228	-	6,795,410	-	-	9,975,744
Net bonds payable less, current maturities and bond discounts	-	-	660,904,894	248,127,778	240,380,692	-	575,740,890	309,651,326	-	2,034,805,580
Due to SC State Education Assistance Authority	-	-	-	-	-	-	39,835,008	-	-	39,835,008
Notes payable - finance loans less, current maturities	-	-	-	-	-	-	-	-	59,194,404	59,194,404
Total noncurrent liabilities	-	-	660,904,894	248,127,778	240,380,692	-	615,575,898	309,651,326	59,194,404	2,133,834,992
Total liabilities	581,481	-	867,789,338	265,292,545	317,150,166	-	739,259,675	312,478,608	65,820,298	2,568,372,111
Net Assets										
Temporarily restricted for bond indentures current debt service	-	-	11,531,043	2,910,508	-	-	-	-	-	14,441,551
Temporarily restricted for bond indentures	-	-	151,203,202	6,127,758	50,913,882	-	41,788	13,221,699	(4,103,645)	217,404,684
Temporarily restricted for teacher loans	43,649,045	-	-	-	-	-	-	-	-	43,649,045
Total net assets	43,649,045	-	162,734,245	9,038,266	50,913,882	-	41,788	13,221,699	(4,103,645)	275,495,280
Total liabilities and net assets	$ 44,230,526	$ -	$ 1,030,523,583	$ 274,330,811	$ 368,064,048	$ -	$ 739,301,463	$ 325,700,307	$ 61,716,653	$ 2,843,867,391

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF ACTIVITIES BY FUND - UNRESTRICTED
YEAR ENDED JUNE 30, 2013

	Operating/SLC	Campus Partners	Eliminations	Total
Revenue				
Income from United States Department of Education				
student loan interest - subsidized	$ 60,582	$ -	$ -	$ 60,582
Special allowances	(461,308)	-	-	(461,308)
Student loan interest - non-subsidized	2,014,590	-	-	2,014,590
Investment income	(9,295,984)	-	12,333,339	3,037,355
Unrealized gain on investments	393,673	-	-	393,673
Late charges	23,777	-	-	23,777
Miscellaneous payments of student loans	(149)	-	-	(149)
Remittance from SC State Education Assistance				
Authority for operating cost	626,637	-	-	626,637
Servicing fees	2,895,162	13,161,834	(1,247,330)	14,809,666
Other	3,003,541	-	-	3,003,541
Total revenue	(739,479)	13,161,834	11,086,009	23,508,364
Expenses				
Personnel	8,200,757	6,489,434		14,690,191
Contractual services	2,126,781	7,832,821	(1,247,330)	8,712,272
General operating	2,722,709	11,416,055	(243,137)	13,895,627
Loan fees	30,132	-	-	30,132
Reinsurance expense	181,334	-	-	181,334
Borrower incentives	13,500	-	-	13,500
Building rental expenses	930,353	-	-	930,353
Loan loss expense	370,543	-	-	370,543
Campus Partners valuation expense	1,245,000	-	-	1,245,000
Total expenses	15,821,109	25,738,310	(1,490,467)	40,068,952
Employee benefits - related changes other than net periodic pension cost (expense) benefit	1,897,878	-	-	1,897,878
Transfer Between Accounts				
Transfers in	134,681,700	-	-	134,681,700
Transfers out	(117,132,398)	-	-	(117,132,398)
Total transfers between accounts	17,549,302	-	-	17,549,302
Change in net assets	2,886,592	(12,576,476)	12,576,476	2,886,592
Net Assets				
Beginning	215,925,927	4,360,421	(4,360,421)	215,925,927
Ending	$ 218,812,519	$ (8,216,055)	$ 8,216,055	$ 218,812,519

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF ACTIVITIES BY FUND - TEMPORARILY RESTRICTED
YEAR ENDED JUNE 30, 2013

	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Straight-A Conduit	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	Total
Revenue										
Income from United States Department of Education										
student loan interest - subsidized	$ 211	$ 68,620	$ 4,827,542	$ 52,832	$ 2,556,291	$ 1,719,964	$ 6,010,732	$ 931,971	$ 82,914	$ 16,251,077
Special allowances	-	(278,182)	(13,942,499)	(292,677)	(8,690,356)	(8,518,668)	(24,944,449)	(5,012,841)	(348,502)	(62,028,174)
Student loan interest - non-subsidized	3,090,364	811,083	45,335,355	9,659,794	14,940,847	9,964,268	38,295,030	6,704,109	3,840,157	132,641,007
Investment income	188,961	-	132,301	11,114	60,496	64	14,097	1,564	-	408,597
Unrealized (loss) on investments	(67,845)	-	-	-	-	-	-	-	-	(67,845)
Late charges	38,221	18,043	784,838	146,361	425,714	95,937	525,964	88,320	41,094	2,164,492
Miscellaneous payments of student loans	(53)	(39)	(6,825)	(259)	(8,165)	(4,325)	(11,669)	(691)	(64)	(32,090)
Miscellaneous income	-	-	-	-	-	-	-	-	57,907	57,907
State appropriations - Department of Education	4,881,832	-	-	-	-	-	-	-	-	4,881,832
Total revenue	8,131,691	619,525	37,130,712	9,577,165	9,284,827	3,257,240	19,889,705	2,712,432	3,673,506	94,276,803
Expenses										
Personnel	160,680	-	-	-	-	-	-	-	-	160,680
Contractual services	18,588	-	-	-	-	364,153	-	-	-	382,741
General operating	44,886	-	-	-	-	-	-	-	-	44,886
Interest on debt	-	207,910	4,579,900	7,455,779	4,018,997	1,503,473	9,656,098	839,466	-	28,261,623
TLP cancellations	5,726,172	-	-	-	-	-	-	-	-	5,726,172
Amortization of deferred cost of bond issuance	-	-	678,638	98,340	579,021	-	1,770,081	33,331	-	3,159,411
Payments to SC State Education Assistance										
Authority for student loan income	-	-	-	-	-	-	-	-	3,924,780	3,924,780
Loan fees	-	46,297	7,563,692	144,661	(407)	(154)	2,760,159	48,540	-	10,562,788
Reinsurance expense	-	74,035	664,443	5,808	212,584	1	471,530	220,865	15,587	1,664,853
Borrower incentives	15,651	(17)	3,535,363	207,979	454,404	58,008	1,714,682	(84)	158,309	6,144,295
Broker dealer fees	-	14,269	76,170	173,612	34,341	-	93,303	11,933	-	403,628
Loan loss expense	-	-	-	6,290,734	-	-	-	-	299,864	6,590,598
Other	-	249,638	-	467,660	-	-	-	-	-	717,298
Total expenses	5,965,977	592,132	17,098,206	14,844,573	5,298,940	1,925,481	16,465,853	1,154,051	4,398,540	67,743,753
Transfer Between Accounts										
Transfers in		8,422,147	23,994		1,832	11,925,836	6,661	12,448,312	-	32,828,782
Transfers out		(8,449,540)	(5,856,000)	(1,486,805)	(1,671,702)	(27,288,704)	(4,840,339)	(784,994)	-	(50,378,084)
Total transfers between accounts	-	(27,393)	(5,832,006)	(1,486,805)	(1,669,870)	(15,362,868)	(4,833,678)	11,663,318	-	(17,549,302)
Change in net assets	2,165,714	-	14,200,500	(6,754,213)	2,316,017	(14,031,109)	(1,409,826)	13,221,699	(725,034)	8,983,748
Net Assets										
Beginning	41,483,331	-	148,533,745	15,792,479	48,597,865	14,031,109	1,451,614	-	(3,378,611)	266,511,532
Ending	$ 43,649,045	$ -	$ 162,734,245	$ 9,038,266	$ 50,913,882	$ -	$ 41,788	$ 13,221,699	$ (4,103,645)	$ 275,495,280

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF CASH FLOWS BY FUND - UNRESTRICTED
YEAR ENDED JUNE 30, 2013

	Operating/SLC	Campus Partners	Eliminations	Total
Cash Flows from Operating Activities				
Change in net assets	$ 2,886,592	$ (12,576,476)	$ 12,576,476	$ 2,886,592
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	398,195	1,348,420	-	1,746,615
Unrealized (gain) on investments	(393,673)	-	-	(393,673)
Write down in Campus Partners	10,245,131	2,331,345	(12,576,476)	-
Impairment of fixed assets	340,000	-	-	340,000
Allowance for loan loss	370,542	-	-	370,542
Changes in operating assets and liabilities				
(Increase) in due from US Department of Education	(402,574)	-	-	(402,574)
Decrease in due from SC State Education Assistance Authority	2,493,020	-	-	2,493,020
(Increase) decrease in interest due from borrowers	762,325	(4,276)		758,049
(Increase) decrease in accounts receivable	(9,022,048)	(1,825,429)	8,896,336	(1,951,141)
(Increase) decrease in accrued investment income	(219,324)	(103,385)	243,137	(79,572)
Decrease in prepaid expenses	29,432	-	-	29,432
Increase (decrease) in interest payable	-	243,137	(243,137)	-
Increase in accounts payable	7,454	2,541,895	-	2,549,349
(Decrease) in deferred revenue	(673,338)	-	-	(673,338)
(Decrease) in accrued pension expense	(2,407,855)	-	-	(2,407,855)
Increase in compensated absences	237,507	-	-	237,507
Due to (from) other funds	218,969	-	-	218,969
Net cash provided by (used in) operating activities	4,870,355	(8,044,769)	8,896,336	5,721,922
Cash Flows from Investing Activities				
Purchase of property and equipment	(229,115)	-	-	(229,115)
Principal payments and transfers on student loans	31,441,354	-	-	31,441,354
Purchase and issuance of student loans	(14,346,917)	-	-	(14,346,917)
Purchase of investments	(661,896)	-	-	(661,896)
Net cash provided by investing activities	16,203,426	-	-	16,203,426
Cash Flows from Financing Activities				
Proceeds from financing loans	-	8,896,336	(8,896,336)	-
Net increase in cash and cash equivalents	21,073,781	851,567	-	21,925,348
Cash and Cash Equivalents				
Beginning	72,365,308	-	-	72,365,308
Ending	93,439,089	851,567	-	94,290,656
Supplemental Disclosure of Cash Flow Information				
Disposal of fully depreciated property and equipment	$ 783,760	$ -	$ -	$ 783,760

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF CASH FLOWS BY FUND - TEMPORARILY RESTRICTED
YEAR ENDED JUNE 30, 2013

	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Straight-A Conduit	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	Total
Cash Flows from Operating Activities										
Change in net assets	$ 2,165,714	$ -	$ 14,200,500	$ (6,754,213)	$ 2,316,017	$ (14,031,109)	$ (1,409,826)	$ 13,221,699	$ (725,034)	$ 8,983,748
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities										
Amortization of premiums and discounts on bonds payable	-	-	509,411	-	116,130	-	1,101,958	-	-	1,727,499
Amortization of cost of debt issuance	-	-	169,227	98,340	462,891	349,005	668,123	33,330	-	1,780,916
Allowance for loan loss	-	-	-	6,290,734	-	-	-	-	299,864	6,590,598
Changes in operating assets and liabilities										
(Increase) decrease in due from US Department of Education	46	-	(84,757)	(1,659)	(82,301)	(2,846,266)	(355,553)	2,785,586	-	(584,904)
(Increase) decrease in due from SC State Education Assistance Authority	96,526	-	9,054,236	(60,944)	(178,885)	126,620	(667,356)	(534,344)	92,807	7,928,660
(Increase) decrease in interest due from borrowers	(80,001)	-	3,214,750	1,789,597	2,192,934	13,065,642	3,669,311	(10,226,243)	(74,520)	13,551,470
(Increase) decrease in accrued investment income	14,313	-	4,552	177	2,873	-	(147)	(382)	-	21,386
Decrease in prepaid expenses	-	-	-	945	-	-	2,423	-	-	3,368
Increase (decrease) in interest payable	-	-	(234,378)	3,082	(132,796)	-	(447,303)	35,764	-	(775,631)
Increase (decrease) in accounts payable	-	-	-	(1,271)	-	(51,427)	-	5,933	-	(46,765)
(Decrease) in deferred revenue	-	-	-	-	-	-	-	-	(57,983)	(57,983)
Increase in teacher loan liability	184,015	-	-	-	-	-	-	-	-	184,015
(Decrease) in due to SC State Education Assistance Authority	-	-	-	-	-	-	-	-	(91,576)	(91,576)
Due to (from) other funds	(127,810)	-	2,716	(5,758)	(23,692)	(179,813)	(50,496)	166,175	(292)	(218,970)
Net cash provided by (used in) operating activities	2,252,803	-	26,836,257	1,359,030	4,673,171	(3,567,348)	2,511,134	5,487,518	(556,734)	38,995,831
Cash Flows from Investing Activities										
Principal payments and transfers on student loans	376,222	-	146,873,148	18,422,838	71,361,278	306,391,954	115,126,822	19,381,578	5,664,468	683,598,308
Purchase and issuance of student loans	(6,294,038)	-	(17,803,136)	(4,604,547)	(8,761,850)	(8,421,642)	(21,164,658)	(324,244,268)	(1,246,806)	(392,540,945)
Teacher loan cancellations	5,726,172	-	-	-	-	-	-	-	-	5,726,172
Net cash provided by (used in) investing activities	(191,644)	-	129,070,012	13,818,291	62,599,428	297,970,312	93,962,164	(304,862,690)	4,417,662	296,783,535
Cash Flows from Financing Activities										
Issuance of bonds	-	-	-	-	-	-	-	323,620,000	-	323,620,000
Proceeds from financing loans	-	-	-	-	-	-	-	-	4,476,367	4,476,367
Proceeds on financing loans	-	-	-	-	-	-	-	-	(8,337,586)	(8,337,586)
Payments on lines of credit	-	-	-	-	-	(307,316,715)	-	-	-	(307,316,715)
Payments of bonds	-	-	(163,298,000)	(12,550,000)	(74,999,670)	-	(117,239,033)	(13,968,674)	-	(382,055,377)
Payment of bond issuance costs	-	-	-	-	-	-	-	(1,811,281)	-	(1,811,281)
Net cash provided by (used in) financing activities	-	-	(163,298,000)	(12,550,000)	(74,999,670)	(307,316,715)	(117,239,033)	307,840,045	(3,861,219)	(371,424,592)
Net increase (decrease) in cash and cash equivalents	2,061,159	-	(7,391,731)	2,627,321	(7,727,071)	(12,913,751)	(20,765,735)	8,464,873	(291)	(35,645,226)
Cash and Cash Equivalents										
Beginning	12,415,382	-	31,099,835	7,057,883	20,723,947	12,913,751	53,455,192	-	34,658	137,700,648
Ending	14,476,541	-	23,708,104	9,685,204	12,996,876	-	32,689,457	8,464,873	34,367	102,055,422
Supplemental Disclosure of Cash Flow Information										
Cash payments for interest	$ -	$ -	$ 4,814,277	$ 7,452,697	$ 4,151,793	$ 1,503,473	$ 10,103,401	$ 803,701	$ -	$ 28,829,342

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF PROPERTY AND EQUIPMENT
YEAR ENDED JUNE 30, 2013

Cost	Balance as of 6/30/2012	Additions	Disposals	Balance as of 6/30/2013
Land 1	$ 565,000	$ -	$ -	**$ 565,000**
Land 2	364,900	-	-	**364,900**
Total land	929,900	-	-	**929,900**
Building 1	2,125,778	-	(340,000)	**1,785,778**
Building 2	4,358,670	-	-	**4,358,670**
Total buildings	6,484,448	-	(340,000)	**6,144,448**
Campus Partners furniture and fixtures	-	14,351,982	(5,673,125)	**8,678,857**
SCSLC furniture and fixtures	2,782,439	306,916	(861,559)	**2,227,796**
SCSLC automobiles	73,563	-	-	**73,563**
Cost total	10,270,350	14,658,898	(6,874,684)	**18,054,564**
Accumulated Depreciation				
Land 1	-	-	-	**-**
Land 2	-	-	-	**-**
Total land	-	-	-	**-**
Building 1	528,980	-	-	**528,980**
Building 2	61,431	185,936	-	**247,367**
Total buildings	590,411	185,936	-	**776,347**
Campus Partners furniture and fixtures	-	9,439,656	(760,799)	**8,678,857**
SCSLC furniture and fixtures	2,004,603	158,372	(729,872)	**1,433,103**
SCSLC automobiles	73,563	-	-	**73,563**
Accumulated depreciation total	2,668,577	9,783,964	(1,490,671)	**10,961,870**
Net book value	$ 7,601,773	$ 4,874,934	$ (5,384,013)	**$ 7,092,694**

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED JUNE 30, 2013

	Operating Fund		Teacher Loan Program - EIA	
	2013	2012	**2013**	2012
Operating Expenses				
Personnel				
Staff salaries	**$ 5,857,203**	$ 4,932,246	**$ 172,148**	$ 180,638
Social security	**400,825**	339,925	**11,615**	12,461
Group insurance	**697,603**	584,497	**19,881**	23,195
Retirement	**1,226,946**	718,837	**(43,514)**	120,628
Unemployment	**18,180**	11,396	**550**	578
Total personnel	**8,200,757**	6,586,901	**160,680**	337,500
Contractual				
Loan servicing	**1,750,747**	486,106	**-**	-
Information technology	**63,067**	88,376	**16,104**	17,157
Legal	**(15,961)**	408,387	**-**	-
Accounting	**245,994**	142,315	**2,484**	3,343
Skip tracing	**52,349**	27,138	**-**	-
Credit bureau	**30,585**	42,706	**-**	-
Total contractual	**2,126,781**	1,195,028	**18,588**	20,500
General Operating				
Rent	**(84,329)**	-	**8,759**	8,759
Telephone	**347,216**	156,979	**3,721**	5,638
Printing	**227,253**	140,716	**1,616**	4,427
Postage	**1,100,089**	823,556	**22,379**	28,743
Supplies	**60,967**	74,444	**1,755**	2,391
Travel	**46,528**	71,402	**-**	-
Equipment maintenance	**118,132**	444,047	**5,326**	6,152
Subscriptions and fees	**51,223**	53,044	**-**	-
Meeting and conference expenses	**49,500**	52,625	**-**	-
Insurance - general and automotive	**91,482**	77,053	**1,330**	2,639
Outreach and awareness	**6,374**	5,393	**-**	-
Contingencies	**16,304**	22,368	**-**	-
Depreciation	**212,260**	165,823	**-**	-
Third party collections	**262,058**	215,463	**-**	-
Other operating expenses	**217,652**	192,822	**-**	-
Total general operating	**2,722,709**	2,495,735	**44,886**	58,749
Total operating expenses	**13,050,247**	10,277,664	**224,154**	416,749
Employee benefits - related changes other than net periodic pension cost (benefit)	**(1,897,878)**	2,056,251	**-**	-
Capital Additions				
Property, equipment, furniture and fixtures	**229,116**	621,535	**-**	-
Total operating expenses, employee benefits - related changes and capital additions	**$ 11,381,485**	$ 12,955,450	**$ 224,154**	$ 416,749

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF ORGANIZATIONAL DATA
YEAR ENDED JUNE 30, 2013

South Carolina Student Loan Corporation was incorporated on November 15, 1973, under the Laws of the State of South Carolina and began operations on October 14, 1974. The Corporation's offices are located at 8906 Two Notch Road in Columbia, South Carolina.

BOARD OF DIRECTORS OF THE CORPORATION

Name	Office	Term Expires 6/30
Fredrick T. Himmelein, Esq.	Chairman	2016
William M. Mackie, Jr.	Vice Chairman	2016
J. Thornton Kirby, Esq.	Treasurer	2014
Charlie C. Sanders, Jr.	Secretary, President & CEO	2016
R. Jason Caskey, CPA		2014
Renee R. Brooks		2015
Neil E. Grayson, Esq.		2014
Jeffrey R. Scott		2015
Barbara F. Weston		2014
Vince V. Ford		2014

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Federal Grantor/ Program Title	CFDA Number	Amount of Grant	Expenses
U.S. Department of Education Programs			
Higher Education Act insured loans contract			
Federal family education loan programs			
Special allowances	84.032		See #2 Below
Subsidized interest	84.032		$ 16,311,659
Total U.S. Department of Education programs (major program)			$ 16,311,659

1. Summary of Significant Accounting Policies

   This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The financial activity shown in this schedule reflects amounts recorded by the Corporation during its fiscal year July 1, 2012, through June 30, 2013.

2. Special Allowances

   The U.S. Department of Educations (USDE) now requires lenders to pay the USDE when lenders have negative special allowance. The Corporation paid $ 62,489,482 for the year ending June 30, 2013.

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POST OFFICE BOX 36 | COLUMBIA, SC 29202-0036
508 HAMPTON ST, 1ST FLR | COLUMBIA, SC 29201

MAIN 803 799.5810 TOLL FREE 866 799.5810
FAX 803 799.5554

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Management of South Carolina Student Loan Corporation
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the South Carolina Student Loan Corporation (Corporation), as of and for the year ended June 30 2013, and the related notes to the consolidated financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated September 9, 2013.

Internal Control Over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Derrick, Stubbs + Stith, LLP

September 9, 2013

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POST OFFICE BOX 36 | COLUMBIA, SC 29202-0036
508 HAMPTON ST, 1ST FLR | COLUMBIA, SC 29201

MAIN 803 799.5810 TOLL FREE 866 799.5810
FAX 803 799.5554

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
South Carolina Student Loan Corporation
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited South Carolina Student Loan Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Corporation's major federal programs for the year ended June 30, 2013. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

To the Board of Directors
South Carolina Student Loan Corporation
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A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Derrick, Stubbs + Stith, LLP

September 9, 2013

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?		None Identified
Significant deficiency(ies) identified?		None Identified
Noncompliance material to the financial statements noted?		None Reported

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?		None Identified
Significant deficiency(ies) identified?		None Identified
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133?		None
Identification of major programs:		
U. S. Department of Education	CFDA#	Expenditure
Higher education act insured loan programs		
Federal family education loan program		
Subsidized interest	84.032	$ 16,311,659
Dollar threshold used to distinguish between Type A and Type B programs		$ 489,350
South Carolina Student Loan Corporation qualified as a low-risk auditee?		Yes

II. FINANCIAL STATEMENT FINDINGS

None Reported

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Reported

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013

There are no prior audit findings and questioned costs relative to Federal Awards.

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2013

There is no corrective action plan required since there are no prior auditing findings and questioned costs relative to Federal Awards.