SOUTH CAROLINA STUDENT LOAN CORPORATION

CONSOLIDATED FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2011

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONTENTS
YEAR ENDED JUNE 30, 2011

DERRICK, STUBBS & STITH, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

508 Hampton Street, 1st Floor • Post Office Box 36
Columbia, South Carolina 29202-0036
Telephone: (803) 799-5810 • Facsimile: (803) 799-5554
www.dsscpa.com

A. David Masters, CPA
Charles R. Statler, Jr., CPA
Alan F. Grimsley, CPA
Hugh R. Penny, CPA, CISA, CBA
H. Warren Counts, Jr., CPA
K. Todd Dailey, CPA, CVA
Timothy M. Monahan, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated statement of financial position of South Carolina Student Loan Corporation as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year's summarized comparative information has been derived from the 2010 financial statements and, in our report dated August 30, 2010, we expressed an unqualified opinion on those financial statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Student Loan Corporation as of June 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 6, 2011, 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 and 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* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements of South Carolina Student Loan Corporation, taken as a whole. The accompanying supplementary information on pages 24 - 30 is presented for purposes of additional analysis and is not a required part of the basic 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 Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Derrick, Stubbs + Stith, LLP

Columbia, South Carolina
September 6, 2011

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011
(WITH COMPARATIVE AMOUNTS FOR 2010)

	2011			2010 Totals
	Unrestricted	**Temporarily Restricted**	**Total**	Memorandum Only
ASSETS				
Current Assets				
Cash and cash equivalents	**$ 89,671,164**	**$ 173,898,155**	**$ 263,569,319**	$ 190,799,049
Investments	**44,955,270**	**-**	**44,955,270**	4,054,251
Current portion of student loan receivables	**1,980,140**	**244,126,677**	**246,106,817**	261,318,065
Interest due from borrowers	**711,177**	**80,329,272**	**81,040,449**	101,756,393
Due from SC State Education Assistance Authority	**694,254**	**14,566,809**	**15,261,063**	19,847,803
Accrued investment income	**30,177**	**58,289**	**88,466**	90,735
Prepaid expenses	**(10,640)**	**31,333**	**20,693**	117,863
Due from (to) other funds	**903,582**	**(903,582)**	**-**	-
Total current assets	**138,935,124**	**512,106,953**	**651,042,077**	577,984,159
Long-Term Receivables and Other Assets				
Other student loan receivables less current portion and net of allowance for loan loss of $ 18,510,148	**28,283,628**	**3,035,438,006**	**3,063,721,634**	3,802,763,945
Teacher loans receivable - less allowance for teacher loan cancellations of $ 13,882,815 and current portion	**-**	**23,786,948**	**23,786,948**	20,088,442
Overfunded defined benefit plan	**799,029**	**-**	**799,029**	-
Deferred cost of issuance of debt	**-**	**10,298,734**	**10,298,734**	5,891,822
Due from (to) other funds	**20,942,464**	**(20,942,464)**	**-**	-
Total long-term receivables and other assets	**50,025,121**	**3,048,581,224**	**3,098,606,345**	3,828,744,209
Property and Equipment				
Land	**565,000**	**-**	**565,000**	565,000
Building	**2,615,778**	**-**	**2,615,778**	2,431,329
Furniture and equipment	**2,250,612**	**-**	**2,250,612**	2,067,977
Automobiles	**73,563**	**-**	**73,563**	73,563
Less, accumulated depreciation	**(2,457,406)**	**-**	**(2,457,406)**	(2,351,286)
Net property and equipment	**3,047,547**	**-**	**3,047,547**	2,786,583
Total assets	**$ 192,007,792**	**$ 3,560,688,177**	**$ 3,752,695,969**	$ 4,409,514,951

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011
(WITH COMPARATIVE AMOUNTS FOR 2010)

	2011			2010 Totals
	Unrestricted	**Temporarily Restricted**	**Total**	Memorandum Only
LIABILITIES AND NET ASSETS				
Current Liabilities				
Current portion of notes payable - finance loans	$ -	$ 3,350,783	$ 3,350,783	$ 56,455,084
Current maturities of bonds payable	-	270,573,484	270,573,484	70,799,616
Lines of credit	-	-	-	760,178,189
Interest payable	-	2,976,120	2,976,120	1,955,506
Accounts payable	1,658,534	69,909	1,728,443	1,813,505
Teacher loan liability	-	281,818	281,818	-
Accrued pension payable	287,908	-	287,908	1,572,219
Compensated absences	1,116,184	-	1,116,184	662,660
Deferred revenue	-	312,831	312,831	-
Due to SC State Education Assistance Authority	-	891,195	891,195	-
Due to United States Department of Education	86,465	12,792,419	12,878,884	10,717,663
Total current liabilities	3,149,091	291,248,559	294,397,650	904,154,442
Noncurrent Liabilities				
Bonds payable less, current maturities	-	2,566,143,157	2,566,143,157	1,952,663,107
Less, bond discounts	-	13,430,743	13,430,743	5,056,959
Net bonds payable less, current maturities and bond discounts	-	2,552,712,414	2,552,712,414	1,947,606,148
Due to SC State Education Assistance Authority	-	39,835,008	39,835,008	-
Notes payable - finance loans less, current maturities	-	52,728,561	52,728,561	779,294,661
Other notes payable	-	346,755,420	346,755,420	368,328,251
Total noncurrent liabilities	-	2,992,031,403	2,992,031,403	3,095,229,060
Total liabilities	3,149,091	3,283,279,962	3,286,429,053	3,999,383,502
Net Assets				
Temporarily Restricted				
For bond indentures - current debt service	-	80,407,508	80,407,508	14,067,026
For bond indentures	-	158,207,488	158,207,488	242,376,009
For teacher loans	-	38,793,219	38,793,219	34,143,750
For lines of credit	-	-	-	31,043,368
Total temporarily restricted	-	277,408,215	277,408,215	321,630,153
Unrestricted				
Board designated	100,000	-	100,000	100,000
Undesignated	188,758,701	-	188,758,701	88,401,296
Total unrestricted	188,858,701	-	188,858,701	88,501,296
Total net assets	188,858,701	277,408,215	466,266,916	410,131,449
Total liabilities and net assets	$ 192,007,792	$ 3,560,688,177	$ 3,752,695,969	$ 4,409,514,951

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE AMOUNTS FOR 2010)

	2011			2010 Totals
	Unrestricted	Temporarily Restricted	Total	Memorandum Only
Revenue				
Income from United States Department of Education				
Student loan interest - subsidized	$ 99,373	$ 31,822,012	$ 31,921,385	$ 45,289,863
Special allowances	(395,970)	(83,530,423)	(83,926,393)	(96,470,236)
Student loan interest - non-subsidized	1,222,481	154,896,918	156,119,399	162,053,783
Investment income	428,750	492,385	921,135	726,366
Unrealized gain (loss) on investments	733,470	(46,807)	686,663	573,170
Late charges	19,931	1,947,781	1,967,712	1,785,367
Miscellaneous payments of student loans	(211)	(5,761)	(5,972)	5,110
Gain on sale of loans	-	16,993,654	16,993,654	109
Miscellaneous income	(2,056)	-	(2,056)	-
State appropriations - Department of Education	-	4,784,029	4,784,029	4,966,143
Remittance from SC State Education Assistance Authority for operating cost	3,085,125	-	3,085,125	6,765,203
Other	195,355	-	195,355	199,858
Net assets released from restrictions	171,575,726	(171,575,726)	-	-
Total revenue	176,961,974	(44,221,938)	132,740,036	125,894,736
Expenses				
Personnel	6,251,001	-	6,251,001	6,972,409
Contractual services	1,977,291	-	1,977,291	1,897,516
General operating	2,028,491	-	2,028,491	2,043,622
Interest on debt	30,395,918	-	30,395,918	28,480,980
TLP cancellations	2,967,266	-	2,967,266	5,099,391
State recall of funds	-	-	-	500,000
Amortization of deferred cost of bond issuance	1,677,428	-	1,677,428	1,400,190
Payments to SC State Education Assistance Authority for student loan income	5,250,299	-	5,250,299	15,315,442
Loan fees	12,306,588	-	12,306,588	19,507,841
Reinsurance expense	878,426	-	878,426	1,555,221
Borrower incentives	5,749,498	-	5,749,498	5,392,236
Broker dealer fees	390,362	-	390,362	439,943
Building expenses	621,273	-	621,273	350,717
Loan loss expense	6,779,987	-	6,779,987	6,896,963
Other	520,070	-	520,070	666,248
Total expenses	77,793,898	-	77,793,898	96,518,719
Employee Benefits - Related Changes Other Than Net Periodic Pension Cost	1,189,329	-	1,189,329	(258,398)
Change in net assets	100,357,405	(44,221,938)	56,135,467	29,117,619
Net Assets				
Beginning	88,501,296	321,630,153	410,131,449	381,013,830
Ending	$ 188,858,701	$ 277,408,215	$ 466,266,916	$ 410,131,449

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE AMOUNTS FOR 2010)

	2011			2010 Totals
	Unrestricted	**Temporarily Restricted**	**Total**	Memorandum Only
Cash Flows from Operating Activities				
Change in net assets	**$ 100,357,405**	**$ (44,221,938)**	**$ 56,135,467**	$ 29,117,619
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	**200,811**	**-**	**200,811**	281,986
Unrealized gain (loss) on investments	**(733,470)**	**46,807**	**(686,663)**	(573,170)
Impairment of building	**219,970**	**-**	**219,970**	-
Amortization of premiums and discounts on bonds payable	**-**	**1,268,352**	**1,268,352**	625,541
Amortization of cost of debt issuance	**-**	**1,168,016**	**1,168,016**	890,779
Allowance for loan loss	**918,560**	**5,656,927**	**6,575,487**	6,896,963
Changes in operating assets and liabilities				
Decrease in due from Department of Education	**59,890**	**2,101,331**	**2,161,221**	595,983
(Increase) decrease in due from SCSEAA	**381,288**	**44,040,461**	**44,421,749**	(7,304,461)
(Increase) decrease in interest due from borrowers	**(88,920)**	**20,804,864**	**20,715,944**	(15,036,273)
(Increase) decrease in accrued investment income	**(26,396)**	**28,665**	**2,269**	28,854
(Increase) decrease in prepaid expenses	**128,502**	**(31,333)**	**97,169**	(53,519)
Increase (decrease) in interest payable	**-**	**864,671**	**864,671**	(116,716)
Increase (decrease) in accounts payable	**136,536**	**(8,966)**	**127,570**	1,379,651
Increase in deferred revenue	**-**	**256,141**	**256,141**	-
Increase (decrease) in accrued pension payable	**(2,083,340)**	**-**	**(2,083,340)**	954,637
Increase (decrease) in compensated absences	**483,195**	**(29,671)**	**453,524**	198,254
Increase in teacher loan liability	**-**	**281,818**	**281,818**	-
Increase (decrease) in due to SCSEAA	**-**	**891,195**	**891,195**	(6,845,590)
Increase (decrease) in due to (from) other funds	**(21,270,837)**	**21,270,837**	**-**	-
Net cash provided by operating activities	**78,683,194**	**54,388,177**	**133,071,371**	11,040,538
Cash Flows from Investing Activities				
Purchase of property and equipment	**(681,744)**	**-**	**(681,744)**	(34,940)
Principal payments on student loans	**7,100,164**	**1,821,037,040**	**1,828,137,204**	1,223,813,097
Purchase and issuance of student loans	**(12,457,406)**	**(1,074,667,499)**	**(1,087,124,905)**	(1,635,654,299)
Teacher loan cancellations	**-**	**2,967,266**	**2,967,266**	5,095,372
Purchase of investments	**(40,167,549)**	**(46,806)**	**(40,214,355)**	-
Sale of investments	**-**	**-**	**-**	194,979
Net cash provided by (used in) investing activities	**(46,206,535)**	**749,290,001**	**703,083,466**	(406,585,791)

(Schedule Continued on Page 6)

See notes to financial statements.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE AMOUNTS FOR 2010)

(Schedule Continued from Page 5)

	2011 Unrestricted	2011 Temporarily Restricted	2011 Total	2010 Totals Memorandum Only
Cash Flows from Financing Activities				
Proceeds from financing loans	$ -	$ (795,625,032)	$ (795,625,032)	$ 42,394,865
Payments on financing loans	-	(795,625,032)	(795,625,032)	(275,636,940)
Proceeds from lines of credit	-	188,411	188,411	1,407,160,122
Payments on lines of credit	-	(760,366,600)	(760,366,600)	(1,087,276,308)
Proceeds from bonds	-	920,000,000	920,000,000	-
Payments of bonds	-	(106,746,082)	(106,746,082)	(74,841,616)
Proceeds from other notes payable	-	-	-	370,442,026
Payments on other notes payable	-	(21,572,831)	(21,572,831)	(2,113,775)
Payments of debt issuance costs	-	(5,574,928)	(5,574,928)	(794,652)
Payments of original issuance discount	-	(9,642,136)	(9,642,136)	-
Net cash provided by (used in) financing activities	-	(1,574,964,230)	(1,574,964,230)	379,333,722
Net increase (decrease) in cash and cash equivalents	32,476,659	(771,286,052)	(738,809,393)	(16,211,531)
Cash and Cash equivalents				
Beginning	57,194,505	133,604,544	190,799,049	207,010,580
Ending	89,671,164	(637,681,508)	(548,010,344)	190,799,049
Supplemental Disclosures of Cash Flow Information				
Cash payments for interest	$ -	$ 29,375,304	$ 29,375,304	$ 28,597,696

See notes to 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 U.S. 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. This subcontracting agreement is to terminate upon SCSLC obtaining a primary Direct Loan Collection Contract Agreement with the DOE at the next date the DOE opens bids for additional primary contractors.

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. Currently, SCSLC is projected to begin providing said services in April 2012. These services will be provided under the name EdManage which will be a functional area under SCSLC, but doing business as EdManage.

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 under the Act 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 financial position, results of operations and cash flows solely of the South Carolina Student Loan Corporation.

Overall operating arrangement: The Authority, as a guaranty agency, has approved the Corporation as an eligible lender to administer the Federal Family Education Loan Program (FFEL). 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 United States Department of Education (USDE). Upon entering the repayment period, the interest is paid by the borrower. Effective July 1, 2011, 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.

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.

Because of the scarcity of tax-exempt private activity bond allocation from the State and because of the yield limitation for loans financed with tax-exempt bonds, the Corporation issued taxable Education Loan Revenue Bonds for the first time in the year ended June 30, 1997.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Overall operating arrangement (continued): 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 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 seeking their residency and relocating. 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, parents, or legal guardians of 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.

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 subsidiary, EdV. 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.

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.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Concentration risk: The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2011, 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 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 $ 13,882,815 at June 30, 2011. The Corporation maintains $281,818 as a liability at June 30, 2011, 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 of guaranteed loans by the Corporation. 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 $ 18,510,148 at June 30, 2011 (see Note 5 on Federal Reinsurance of FFEL loans).

Property and equipment: Property and equipment costing over $ 10,000 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.

Income taxes: The Corporation is exempt from federal and state incomes taxes under Section 503(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 2007.

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, 2010, from which the summarized information was derived.

Notes to Consolidated Financial Statements

Note 2. Cash and Cash Equivalents

As of June 30, 2011, 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		
Demand deposits	$ 209,169	$ 209,169
South Carolina State Treasurer pool	454,300	454,300
Collateralized demand deposits	89,007,695	89,007,695
Total unrestricted	89,671,164	89,671,164
Temporarily Restricted		
Money market	44,408,812	44,408,812
Repurchase agreements	302,115	302,115
Collateralized demand deposit	121	121
South Carolina State Treasurer pool	10,243,794	10,548,100
Guaranteed investment contracts	118,639,007	118,639,007
Total temporarily restricted	$ 173,593,849	$ 173,898,155

Cash and Cash Equivalents included in the Teacher Loan Program include the South Carolina State Treasurer Pool totaling $ 10,548,100.

Note 3. Investments

Market value of investments is determined by quoted market values and consists of the following as of June 30, 2011:

	Cost	Market Value
Money market	$ 6,529	$ 6,529
Mutual funds	4,809,531	4,949,241
Corporate bonds	30,033,670	29,998,800
Federal Government bonds	9,998,551	10,000,700
Total	$ 44,848,281	$ 44,955,270

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. Amounts Due from/to the Corporation

As of June 30, 2011, the Authority owes the Corporation funds collected on their behalf of $ 15,261,063, 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 6) and $ 891,195 for interest on the 2009 PAL bond.

Note 5. Federal Family Education Loans (FFEL) and Federal Reinsurance of FFEL Loans

In 2011 and 2010, these loans were bearing interest at fixed rates ranging from 2.875 to 12.000 percent or an annual variable rate of 1.87 percent to 3.54 percent. 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 percent to 3.25 percent with a cap on the rate of 8.25 percent to 12 percent. The repayment period for these loans is five (5) to thirty (30) years with a minimum payment of $ 360 or $ 600 per year. 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.

Note 5. Federal Family Education Loans (FFEL) and Federal Reinsurance of FFEL Loans (Continued)

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, 2011, are $ 3,014,684,037

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 after July 1, 2010, due to the SCSLC no longer issuing FFEL loans.

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. Since the legislation is in its infancy, the potential impact cannot yet be reasonably predicted.

Note 6. 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 four 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, 2011, the Corporation held funds on deposit in the debt service funds of $ 80,772,754.

The bonds outstanding as of June 30, 2011, are as follows:

Issued	Original Amount	Maturity Date	Balance Outstanding 06/30/10	Issued (Retired) During FY 11	Balance Outstanding 06/30/11
11/10/04	$ 180,000,000	6/1/2034	$ 157,050,000	$ (10,650,000)	$ 146,400,000
7/19/05	700,000,000	12/3/18 - 12/1/23	700,000,000	-	700,000,000
7/11/06	500,000,000	12/2/19 - 12/1/22	500,000,000	-	500,000,000
10/25/06	182,000,000	9/4/2046	158,100,000	(12,450,000)	145,650,000
6/25/08	600,000,000	9/2/14 - 9/3/24	508,312,723	(54,436,652)	453,876,071
11/30/10	920,000,000	1/25/21 - 10/27/36	-	890,790,570	890,790,570
			$ 2,023,462,723	$ 813,253,918	$ 2,836,716,641

Note 6. Bonds Payable (Continued)

LIBOR Indexed Bonds Secured by 1996 General Resolution

The Corporation's LIBOR Indexed Bonds in the 1996 General Resolution totaled $ 1,200,000,000 as of June 30, 2011, 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, 2011, none of the rates exceeded 0.67844%. Future interest payment projections are based upon the seven-year weighted average rate at June 30, 2011, which was 2.064%.

The LIBOR Indexed Bonds are subject to pro rata principal reduction payments prior to maturity based on targeted amortization schedules. 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.

Auction Rate Securities Secured by 2004 General Resolution

The Corporation's auction rate securities (ARS) totaled $ 292,050,000 as of June 30, 2011, and have variable interest rates determined by auctions every 28 days. These ARS first failed in February 2008, and have been in a failed 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. 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. The Corporation is considering several refinancing options for the remainder of its outstanding ARS.

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, 2011, was $ 453,876,070.

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.

Notes to Consolidated Financial Statements

Note 6. Bonds Payable (Continued)

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

The Corporation transferred unencumbered FFELP 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 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 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, 2011, was $ 890,790,571.

Projected Debt Service

As of June 30, 2011, the scheduled debt service to retire the bonds and notes of the Corporation is as follows:

	Principal	Interest	Totals
2012	$ 168,435,000	$ 58,868,241	$ 227,303,241
2013	254,516,000	54,385,118	308,901,118
2014	204,385,000	49,385,442	253,770,442
2015	169,889,000	45,455,271	215,344,271
2016	148,153,000	41,992,797	190,145,797
2017	120,491,000	39,146,140	159,637,140
2018	324,353,071	35,586,195	359,939,266
2019	29,654,000	30,372,567	60,026,567
2020	116,000,000	29,552,479	145,552,479
2021	262,790,570	26,347,588	289,138,158
2022	-	22,210,907	22,210,907
2023	-	22,210,907	22,210,907
2024	-	22,210,907	22,210,907
2025	118,000,000	20,353,427	138,353,427
2026	403,000,000	13,390,500	416,390,500
2027	-	11,275,911	11,275,911
2028	-	11,275,911	11,275,911
2029	-	11,275,911	11,275,911
2030	-	11,275,911	11,275,911
2031	-	11,275,911	11,275,911
2032	-	11,275,911	11,275,911
2033	-	11,275,911	11,275,911
2034	146,400,000	11,275,911	157,675,911
2035	-	7,990,744	7,990,744
2036	-	7,990,744	7,990,744
2037	225,000,000	5,629,541	230,629,541
2038	-	3,268,337	3,268,337

Notes to Consolidated Financial Statements

Note 6. Bonds Payable (Continued)

Projected Debt Service (Continued)

	Principal	Interest	Totals
2039	$ -	$ 3,268,337	$ 3,268,337
2040	-	3,268,337	3,268,337
2041	-	3,268,337	3,268,337
2042	-	3,268,337	3,268,337
2043	-	3,268,337	3,268,337
2044	-	3,268,337	3,268,337
2045	-	3,268,337	3,268,337
2046	-	3,268,337	3,268,337
2047	145,650,000	817,081	146,467,081
Totals	$ 2,836,716,641	$ 653,518,917	$ 3,490,235,558

The weighted average interest rate used for future interest payment projections was 2.064%. 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 and the 2010-1 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, 2011, the Corporation estimated they would make optional redemption or principal distribution payments for the next year in the amount of $ 102,138,000.

Note 7. 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 SCSLC from the Authority's 2002 General Resolution are made pursuant to a loan agreement dated June 12, 2002 and 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 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 Fund Balance. During Fiscal 2010 – 2011, 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 loans as of June 30, 2011, and 2010 are as follows:

Bond Resolution	**Balance 6/30/2011**	Balance 6/30/2010
2002	**$ -**	$ 795,625,032
2009	**56,079,344**	40,124,713
Totals	**$ 56,079,344**	$ 835,749,745

Note 8. Line of Credit Financing

Initially on March 22, 2005, the Corporation entered into a one year line of credit agreement providing for advances to the Corporation funded by asset-backed commercial paper and secured by student loan receivables. The borrowing period was renegotiated annually under similar terms to end March 22, 2010. During the 2010 fiscal year, the line was extended under essentially the same terms with an expiration date of March 22, 2011. An extension is not guaranteed, but may be extended by written agreement among the borrower, the servicer, the lender, the alternative lender and the facility agent, with notice to the trustee. If the financing agreement is not extended, the Corporation must immediately find a new financing source and repay the line of credit. Interest is paid monthly at the commercial paper rate plus a spread. The interest rate ranged from 0.20% to .42% during fiscal year 2011. The agreement called for certain covenants which include maintaining at least a $ 100 million net asset balance and a debt reserve account of 0.5% of the outstanding loan balance. The Corporation was in compliance with all covenants. The Corporation paid out and closed this line of credit in November 2010.

On December 18, 2008, the Corporation entered into a line of credit agreement to facilitate the transfer of certain student loans from a nonrecourse trust and provide funding for future and existing student loans. This agreement is secured by existing student loans that are reinsured under the Federal Family Education Loan Program. Monthly interest payments are due on the last business day of each month beginning in December 2008 at a per annum rate equal to the adjusted LIBOR rate or a 2.0% minimum rate. Interest rates were 2.0% for fiscal year 2011. The line of credit matured on August 31, 2010. All outstanding principal and interest were paid by the maturity date and the line of credit was closed.

On February 5, 2009, the Corporation entered into a revolving line of credit agreement to facilitate the transfer of certain student loans from a nonrecourse trust and funding existing and future student loans. The line of credit is secured by the student loan receivables. Monthly interest payments are due on the last business day of each month beginning in February 2009 at a per annum rate equal to the adjusted LIBOR rate or a 4.0% minimum rate. Interest rates were 4.0% for fiscal year 2011. The line of credit matured on August 31, 2010. All outstanding principal and interest were paid by the maturity date and the line of credit was closed.

The USDE extended the Loan Purchase Participation Program (LPP) for loans made during the 2009-2010 school year, with a termination date of October 15, 2010. The Corporation notified the USDE prior to October of its intent to exercise the Put Option, as defined in the Master Participation Agreement (MPA), to the USDE for those student loans by October 15, 2010. On August 2, 2010, the Corporation notified the USDE of its intent to exercise the Put Option for approximately $ 467,000,000 of this outstanding loan balance with the USDE on September 20, 2010. In addition, the Corporation notified the USDE of its intent to exercise the Put Option for the remaining loan outstanding balance in the 2009-2010 LPP program on October 15, 2010. Upon settlement of the Puts, the USDE reimbursed the seller the one percent (1%) Lender fee initially paid by the seller at loan origination, plus $ 75 for each loan included in the Put. As a result, the Corporation realized approximately $ 14.2 million in fees for the Put on September 20, 2010, and approximately $ 2.8 million in fees for the Put on October 15, 2010. The interest rates varied from .71% to .91% during the year ended June 30, 2011. The LLP is now closed.

Note 9. Other Notes Payable – Straight-A Funding

On July 7, 2009, the Corporation entered into an agreement with USDE 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

Note 9. Other Notes Payable – Straight-A Funding (Continued)

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 USDE at a predetermined price based on first disbursement date and certain other loan criteria. In addition, if the Corporation does not secure alternative financing to repay the funding note by November 19, 2013, the Corporation must sell the pledged student loans to USDE. If the Corporation were to sell the pledged loans to USDE, it would likely result in a significant loss to the Corporation. As of June 30, 2011, the outstanding balance of this financial instrument was $ 346,755,420. There are no scheduled payments associated with this note, however, the outstanding balance of the note must agree with the supporting outstanding loans each month. As a result, any payments received, or any changes in loan balances must be remitted to the Conduit provider on a monthly basis. The Corporation pays a percentage of all Conduit financing costs. For each period, this percentage is equal to the Corporation's outstanding Funding Note balance, divided by the Funding Note balance of all Issuers. Amounts paid were equivalent to a weighted average rate of 0.72% for fiscal year 2011 and 0.76% for the year ended June 30, 2010.

Note 10. Special Allowance Income or Expense

As an inducement to the lender to make guaranteed student loans, the USDE 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, 2011, the Corporation remitted $ 83,926,393 of interest income in excess of the special allowance support level to the USDE.

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 the 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 2011 is $ 369,267 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 2011 was $ 310,598, of which the Authority reimbursed $ 101,273 for its employees. All employees who have completed one year of service and attainment of age 21 are eligible to receive employer contributions. Contributions are 100% vested when made. Employees are eligible to make voluntary contributions to the Plan.

Note 11. Employee Benefit Plans (Continued)

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 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 the 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, 2011:

	Defined Benefit Plan
Change in benefit obligation:	
Benefit obligation at end of prior plan year	$ (9,766,121)
Service cost	(352,670)
Interest cost	(509,321)
Actuarial gain/(loss)	344,792
Actual distributions	288,155
Benefit obligation at end of year	(9,995,165)
Change in plan assets:	
Plan assets at fair value at beginning of year	8,776,902
Actual return on plan assets	1,705,447
Actual employer contributions	600,000
Actual distributions/benefits paid	(288,155)
Plan assets at fair value at end of year	10,794,194
Funded status at end of year	799,029
Amounts recognized in the balance sheets consists of:	
Noncurrent assets	799,029
Amounts recognized in unrestricted net assets consists of the following:	
Unrecognized net actuarial (gain)/loss	2,093,457
Unrecognized prior service cost	(122,618)
Net amount recognized	$ 1,970,839

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan (Continued)

The following are weighted average assumptions used to determine benefits, obligations and net periodic benefit cost as of June 30, 2011. The measurement date of the projected benefits obligation and Plan assets was June 30, 2011.

	Defined Benefit Plan
Assumptions Used	
Weighted-average assumptions used in computing ending obligations	
Discount rate	5.53%
Rate of compensation increase	4.00%
Weighted-average assumptions used in computing net cost	
Discount rate	5.37%
Rate of compensation increase	4.00%
Expected return on plan assets	7.50%

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.

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	$ 352,670
Interest cost	509,321
Expected return on plan assets	(672,033)
Amortization of prior service cost	(26,483)
Amortization of net (gain)/loss	442,136
Net periodic benefit cost	605,611
Administrative expenses	46,175
Net periodic benefit cost	651,786
Corporation's share	432,134
Authority's share	219,652
	651,786
Employee Benefit - Related Changes Other Than Net Periodic Pension Cost	
Net (gain)/loss	(1,378,206)
Amortization of prior service cost	26,483
Amortization of net (gain)/loss	(442,136)
Employee benefit-related changes other than net periodic benefit cost	(1,793,859)

Notes to Consolidated Financial Statements

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan (Continued)

Corporation's share	$	(1,189,329)
Authority's share		(604,530)
Total		(1,793,859)
Total net periodic benefit gain and employee benefit-related changes other than net periodic benefit cost	$	(1,142,073)

The net pension (gain) expense for this Defined Benefit Pension Plan totaled $ (1,188,248), plus $ 46,175 of administrative expenses, totaling $ (1,142,073) for the year ended June 30, 2011. The Authority recorded a benefit of $ (384,878) and the Corporation recorded a benefit $ (757,195) to the expense for this Plan for its employees for the year ended June 30, 2011. 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 $ 160,196 and $ (26,483), respectively.

The accumulated benefit obligation for the defined benefit pension plan was $ 9,084,847 at June 30, 2011.

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, 2011, by asset category, is as follows:

Asset Category	
Equity securities	55%
Debt securities	40%
Real estate	5%
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.

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in the financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Corporation cannot predict the future impact to the fund value of the investment portfolios.

The Corporation expects to contribute $ 600,000 to its Defined Benefit Plan during 2011-2012.

Notes to Consolidated Financial Statements

Note 11. Employee Benefit Plans (Continued)

Defined Benefit Pension Plan (Continued)

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

	Pension Benefits
2012	$ 362,900
2013	407,600
2014	431,100
2015	500,100
2016	528,200
Year 2017-2021	3,111,100

Note 12. Rental Property and Operating Leases

The Corporation owns an office building and occupies approximately 54% of the building. The Corporation leased office space to five (5) tenants as of June 30, 2011 with lease agreements of varying duration. Certain lease expense is allocated to the Authority based on space occupied. Building rental income included in other revenue for fiscal 2011 and 2010 was $195,355 and $ 177,085, respectively. Future minimum lease payments are $ 14,267 in 2012. No current lease agreements extend beyond 2012.

Note 13. Disclosures about Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Corporation uses various methods including market, income and cost approaches. Based on these approaches, the Corporation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observables of the inputs used in the valuation techniques, the Corporation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumption and projections in determining the fair value assigned to such assets or liabilities.

Management uses the following methods and assumption to estimate the fair value of the Corporation's financial instruments.

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. 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. 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 13. Disclosures about Fair Value of Financial Instruments (Continued)

	Carrying Value	Estimated Fair Value
Financial Assets		
Cash and cash equivalents	$ 263,569,319	$ 263,569,319
Investments	44,815,560	44,955,270
Student loan receivables		
FFEL	2,990,673,816	2,990,673,816
Alternative and other	342,941,583	342,941,583
Financial Liabilities		
Notes payable	$ 402,834,764	$ 402,834,764
Bonds payable	2,836,716,641	2,836,716,641

		Fair Value Measurements at Reporting Date Using		
Description	6/30/2011	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	$ 263,569,319	$ 263,569,319	$ -	$ -
Investments	44,955,270	44,955,270	-	-
Student loan receivables	3,333,615,399	-	3,333,615,399	-
Total financial assets	$ 3,642,139,988	$ 308,524,589	$ 3,333,615,399	$ -
Financial Liabilities				
Notes payable	$ 402,834,764	$ -	$ 402,834,764	$ -
Bonds payable	2,836,716,641	-	2,836,716,641	-
Total financial liabilities	$ 3,239,551,405	$ -	$ 3,239,551,405	$ -

Note 14. Assets Released from Restrictions

Net assets during the year ended June 30, 2011, were released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of other events specified as follows:

Personnel	$ 223,211
Contractual services	230,383
General operating	71,343
Interest on debt	30,395,918
TLP cancellations	2,967,266
Amortization of deferred cost of bond issuance	1,677,428
Payment to SC State Education Assistance Authority for student loan income	5,250,299
Loan fees	12,301,974

Note 14. Assets Released from Restrictions (Continued)

Reinsurance expense	$ 732,888
Borrowers incentives	5,740,843
Broker dealer fees	390,362
Loan loss expense	5,656,927
Other	520,070
Total expenses	66,158,912
Transfer to 08 Resolution for operations	(2,516)
Transfer to 2009 PAL financing for operations	(2,545,588)
Transfer to operations for line of credit closures	67,925,653
Transfer from taxable bonds for loan servicing	40,039,265
Total	$ 171,575,726

Note 15. Reclassifications

Certain reclassifications of fiscal year 2010 amounts were made on the statement of financial position and the statement of activities for comparability to fiscal year 2011 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, 2011, no scholarships have been awarded under this program.

Note 17. Contingencies

On September 8, 2009, in connection with its review of the process for determining whether borrowers qualify for a FFEL Loan under the Lender-of-Last-Resort Program (the "*LLR Program*") of the Authority established under the Higher Education Act and the Authority's internal controls relating to FFEL, the Department of Education made findings in a Final Program Review Determination (the "*FPRD*") stating that (i) since 1993, the Corporation has made FFEL loans under the LLR Program ("*LLR Loans*") without a request from the borrower to do so in violation of the Higher Education Act, (ii) since 1994, the Corporation has denied conventional FFEL loans to borrowers based solely on the fact that the borrowers had filed for bankruptcy and on the basis of such denial made LLR Loans to such borrowers in violation of the Bankruptcy Reform Act of 1994 (the "*Bankruptcy Act*") and guidance relating thereto issued by the USDE, and (iii) the Corporation has performed default aversion activities on behalf of the Authority in violation of the conflict of interest prohibitions contained in the Code of Federal Regulations promulgated under the Higher Education Act.

As a result of these findings the USDE determined in the FPRD that the Authority (i) must update its policies and procedures relating to the LLR Program, reclassify all LLR Loans made since 1993, calculate the amount of overpaid reinsurance relating to such LLR Loans, and refund such overpayment to the USDE, (ii) must require the Corporation to identify the specific loans designated as LLR loans as a result of the Corporation's denial of a conventional loan because of a bankruptcy filing and reverse that designation, instruct the Corporation to update its lending policies and procedures to comply with the Bankruptcy Act and associated guidance provided by the USDE, and (iii) must obtain an independent servicer, other than the Corporation, to perform default aversion activities on its behalf or begin to perform those activities with its own employees.

In the FPRD, the USDE has calculated the amount to be paid as a result of the incorrect classification of loans as LLR Loans and the resulting overpayment of reinsurance on LLR Loans is approximately $ 4.1 million plus interest of approximately $ 654,000 by the Authority and approximately $ 1 million by the Corporation. As of June 30, 2010, the Corporation recorded a liability of approximately $ 1 million and the Authority recorded a liability of approximately $ 4.8 million to recognize the potential exposure to these findings. However, both the Corporation and the Authority continue to appeal these findings.

Notes to Consolidated Financial Statements

Note 17. Contingencies (Continued)

On October 23, 2009, the Authority appealed the first finding of the FPRD on the grounds that, among other things, the USDE's position was not supported by the statute and regulations on which it relied. On May 20, 2010, the Department of Education issued a ruling sustaining this finding of the FPRD. On July 6, 2010, the Authority appealed the decision to the Secretary of Education.

With respect to the second finding, the Authority provided additional information to the USDE via a letter dated January 16, 2010, which stated that the Authority had caused the Corporation to discontinue the challenged practice and calculated the total associated liability of the Authority and Corporation to be approximately $ 35,000. On February 22, 2010, the USDE informed the Authority that the calculation provided in the January 16, 2010 letter was acceptable, and on March 18, 2010, the Corporation and Authority confirmed to the USDE that they had made the necessary payments to resolve the issue.

With respect to the third finding, on January 16, 2010, the Authority formally requested a meeting with the USDE to discuss alternatives for implementing changes to its default aversion activities that would be satisfactory to the USDE and least disruptive to the Authority. On February 22, 2010, the USDE informed the Authority that it would respond to this request at some point in the future. To date, no response has been received.

Note 18. Subsequent Events

The Corporation evaluated subsequent events through September 6, 2011, 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.

The Corporation purchased a building in August 2011 for approximately $3,000,000. The building is located in the Northeast section of Columbia, SC and is approximately 41,000 square feet on three (3) floors. The Corporation plans to relocate its office to this new location during the fourth quarter of 2011 and sell the existing office space during the next fiscal year.

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION BY FUND
JUNE 30, 2011

	Unrestricted	Temporarily Restricted											
							Federal Loan				Tax Exempt		
		Teacher	Warehouse				Participation		Straight A	2010-1	09 PAL		
	Operating/SLC	Loans	Financing	96 Resolution	04 Resolution	08 Resolution	Program	Credit Lines	Conduit	Resolution	Resolution	02 Resolution	Total
ASSETS													
Current Assets													
Cash and cash equivalents	$ 89,671,164	$ 10,548,100	$ -	$ 94,858,115	$ 8,365,586	$ 16,252,755	$ -	$ -	$ 7,671,950	$ 35,899,534	$ 302,115	$ -	$ 263,569,319
Investments	44,955,270	-	-	-	-	-	-	-	-	-	-	-	44,955,270
Current portion of student loan receivables	1,980,140	1,785,980	-	83,046,092	17,636,655	46,440,946	-	-	28,553,020	63,313,201	3,350,783	-	246,106,817
Interest due from borrowers	711,177	2,693,410	-	19,376,099	7,963,996	10,813,584	-	-	15,692,793	23,446,166	343,224	-	81,040,449
Due from SC State Education Assistance Authority	694,254	130,646	-	10,212,910	54,239	972,474	-	-	280,628	1,431,680	1,484,232	-	15,261,063
Accrued investment income	30,177	40,398	-	15,029	754	2,108	-	-	-	-	-	-	88,466
Prepaid expenses	(10,640)	-	-	-	-	-	-	-	-	31,333	-	-	20,693
Due from (to) other funds	903,582	89,448	-	3,000	(131,620)	(176,250)	-	-	(208,530)	(480,117)	487	-	-
Total current assets	138,935,124	15,287,982	-	207,511,245	33,889,610	74,305,617	-	-	51,989,861	123,641,797	5,480,841	-	651,042,077
Long-Term Receivables and Other Assets													
Other student loan receivables less, current portion and allowance for loan loss	28,283,628	-	-	1,143,361,265	281,452,924	425,273,302	-	-	312,833,854	823,056,663	49,459,998	-	3,063,721,634
Teacher loans receivable - less allowance for teacher loan cancellations and current portion	-	23,786,948	-	-	-	-	-	-	-	-	-	-	23,786,948
Overfunded defined benefit plan	799,029												799,029
Deferred cost of issuance of debt	-	-	-	1,361,016	1,222,035	1,735,841	-	-	523,508	5,456,334	-	-	10,298,734
Due from (to) other funds	20,942,464	-	-	-	-	-	-	-	-	(20,942,464)	-	-	-
Total investments and long-term receivables	50,025,121	23,786,948	-	1,144,722,281	282,674,959	427,009,143	-	-	313,357,362	807,570,533	49,459,998	-	3,098,606,345
Property and Equipment													
Land	565,000	-	-	-	-	-	-	-	-	-	-	-	565,000
Building	2,615,778	-	-	-	-	-	-	-	-	-	-	-	2,615,778
Furniture and equipment	2,250,612	-	-	-	-	-	-	-	-	-	-	-	2,250,612
Automobiles	73,563	-	-	-	-	-	-	-	-	-	-	-	73,563
Less, accumulated depreciation	(2,457,406)	-	-	-	-	-	-	-	-	-	-	-	(2,457,406)
Net property and equipment	3,047,547	-	-	-	-	-	-	-	-	-	-	-	3,047,547
Total assets	$ 192,007,792	$ 39,074,930	$ -	$ 1,352,233,526	$ 316,564,569	$ 501,314,760	$ -	$ -	$ 365,347,223	$ 931,212,330	$ 54,940,839	$ -	$ 3,752,695,969

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION BY FUND
JUNE 30, 2011

	Unrestricted	Temporarily Restricted									Tax Exempt		
	Operating/SLC	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Federal Loan Participation Program	Credit Lines	Straight A Conduit	2010-1 Resolution	09 PAL Resolution	02 Resolution	Total
LIABILITIES AND NET ASSETS													
Current Liabilities													
Current portion of notes payable - finance loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,350,783	$ -	$ 3,350,783
Current maturities of bonds payable	-	-	-	134,650,000	16,453,521	54,436,652	-	-	-	65,033,311	-	-	270,573,484
Interest payable	-	-	-	365,246	381,738	367,635	-	-	-	1,861,501	-	-	2,976,120
Accounts payable	1,658,534	-	-	-	13,782	-	-	-	56,127	-	-	-	1,728,443
Deferred revenue	-	-	-	-	-	-	-	-	-	-	312,831	-	312,831
Teacher loan liability	-	281,818	-	-	-	-	-	-	-	-	-	-	281,818
Accrued pension payable	287,908	-	-	-	-	-	-	-	-	-	-	-	287,908
Compensated absences	1,116,184	-	-	-	-	-	-	-	-	-	-	-	1,116,184
Due to SC State Education Assistance Authority	-	-	-	-	-	-	-	-	-	-	891,195	-	891,195
Due to United States Department of Education	86,465	(107)	-	2,472,973	66,858	1,681,721	-	-	3,087,790	5,483,184	-	-	12,878,884
Total current liabilities	3,149,091	281,711	-	137,488,219	16,915,899	56,486,008	-	-	3,143,917	72,377,996	4,554,809	-	294,397,650
Noncurrent liabilities													
Bonds payable less, current maturities and bond	-	-	-	1,065,350,000	275,596,479	399,439,418	-	-	-	825,757,260	-	-	2,566,143,157
Less, bond discounts	-	-	-	3,995,929	-	435,488	-	-	-	8,999,326	-	-	13,430,743
Net bonds payable less, current maturities and bond discounts	-	-	-	1,061,354,071	275,596,479	399,003,930	-	-	-	816,757,934	-	-	2,552,712,414
Due to SC State Education Assistance Authority	-	-	-	-	-	-	-	-	-	39,835,008	-		39,835,008
Notes payable - finance loans less, current maturities	-	-	-	-	-	-	-	-	-	-	52,728,561	-	52,728,561
Other notes payable	-	-	-	-	-	-	-	-	346,755,420	-	-	-	346,755,420
Total noncurrent liabilities	-	-	-	1,061,354,071	275,596,479	399,003,930	-	-	346,755,420	856,592,942	52,728,561	-	2,992,031,403
Total liabilities	3,149,091	281,711	-	1,198,842,290	292,512,378	455,489,938	-	-	349,899,337	928,970,938	57,283,370	-	3,286,429,053
Net Assets													
Temporarily restricted for bond indentures current debt service	-	-	-	79,087,702	1,319,806	-	-	-	-	-	-	-	80,407,508
Temporarily restricted for bond indentures	-	-	-	74,303,534	22,732,385	45,824,822	-	-	15,447,886	2,241,392	(2,342,531)	-	158,207,488
Temporarily restricted for teacher loans	-	38,793,219	-	-	-	-	-	-	-	-	-	-	38,793,219
Board designated for scholarships	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000
Unrestricted	188,758,701	-	-	-	-	-	-	-	-	-	-	-	188,758,701
Total net assets	188,858,701	38,793,219	-	153,391,236	24,052,191	45,824,822	-	-	15,447,886	2,241,392	(2,342,531)	-	466,266,916
Total liabilities and net assets	$ 192,007,792	$ 39,074,930	$ -	$ 1,352,233,526	$ 316,564,569	$ 501,314,760	$ -	$ -	$ 365,347,223	$ 931,212,330	$ 54,940,839	$ -	$ 3,752,695,969

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF ACTIVITIES BY FUND
YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted									Tax Exempt		
	Operating/SLC	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Federal Loan Participation Program	Credit Lines	Straight A Conduit	2010-1 Resolution	09 PAL Resolution	02 Resolution	Total
Revenue													
Income from United States Department of Education													
student loan interest - subsidized	$ 99,373	$ 462	$ 233,252	$ 7,822,170	$ 74,994	$ 5,025,609	$ 3,228,486	$ 91	$ 5,267,782	$ 6,902,198	$ 120,210	$ 3,146,758	$ 31,921,385
Special allowances	(395,970)	-	(1,056,744)	(17,124,725)	(337,542)	(11,389,453)	(6,710,164)	(207)	(17,354,576)	(21,250,533)	(354,250)	(7,952,229)	(83,926,393)
Student loan interest - non-subsidized	1,222,481	2,919,809	1,971,891	53,217,816	10,946,863	17,936,953	5,899,363	169	18,651,356	30,212,002	2,355,859	10,784,837	156,119,399
Investment income	428,750	241,056	2,475	161,010	27,825	51,470	8	2,701	53	5,787	-	-	921,135
Unrealized gain (loss) on investments	733,470	(46,807)	-	-	-	-	-	-	-	-	-	-	686,663
Late charges	19,931	26,238	16,153	758,896	144,034	446,988	2,740	-	94,985	326,665	22,261	108,821	1,967,712
Miscellaneous payments of student loans	(211)	(99)	(10)	(1,496)	(141)	(1,659)	(48)	-	(1,167)	(883)	(10)	(248)	(5,972)
Gain (loss) on sale of loans	-	-	-	-	-	-	16,993,654	-	-	-	-	-	16,993,654
Miscellaneous income	(2,056)	-	-	-	-	-	-	-	-	-	-		(2,056)
State appropriations - Department of Education	-	4,784,029	-	-	-	-	-	-	-	-	-	-	4,784,029
Remittance from SC State Education Assistance													
Authority for operating cost	3,085,125	-	-	-	-	-	-	-	-	-	-	-	3,085,125
Other	195,355	-	-	-	-	-	-	-	-	-	-	-	195,355
Total revenue	5,386,248	7,924,688	1,167,017	44,833,671	10,856,033	12,069,908	19,414,039	2,754	6,658,433	16,195,236	2,144,070	6,087,939	132,740,036
Expenses													
Personnel	6,027,790	223,211	-	-	-	-	-	-	-	-	-	-	6,251,001
Contractual services	1,746,908	25,769	-	-	-	-	9,263	-	195,351	-	-	-	1,977,291
General operating	1,957,148	49,275	-	-	21,890	-	-	178	-	-	-	-	2,028,491
Interest on debt	-	-	603,186	5,462,173	8,482,213	5,256,727	1,293,653	18,607	2,583,870	6,695,489	-	-	30,395,918
TLP cancellations	-	2,967,266	-	-	-	-	-	-	-	-	-	-	2,967,266
Amortization of deferred cost of bond issuance	-	-	-	678,638	146,161	462,891	-	-	-	389,738	-	-	1,677,428
Payments to SC State Education Assistance													
Authority for student loan income	-	-	-	-	-	-	-	-	-	-	5,394,345	(144,046)	5,250,299
Loan fees	4,614	-	406,086	9,056,863	168,919	(71)	(19,832)	(15)	(260)	2,229,918	(33)	460,399	12,306,588
Reinsurance expense	145,538	-	-	378,543	4,657	131,264	-	-	1	158,005	7,330	53,088	878,426
Borrower incentives	8,655	9,698	118,897	3,590,029	142,806	440,804	1,604	(6)	81,557	1,020,074	127,623	207,757	5,749,498
Broker dealer fees	-	-	4,760	90,220	193,613	57,801	-	-	-	43,968	-	-	390,362
Building rental expenses	621,273	-	-	-	-	-	-	-	-	-	-	-	621,273
Loan loss expense	1,123,060	-	(33,670)	-	5,959,203	-	(185,510)	(22)	(100,184)	-	17,110	-	6,779,987
Other	-	-	-	-	520,070	-	-	-	-	-	-	-	520,070
Total expenses	11,634,986	3,275,219	1,099,259	19,256,466	15,639,532	6,349,416	1,099,178	18,742	2,760,335	10,537,192	5,546,375	577,198	77,793,898
Employee benefits - related changes other than net periodic pension cost (expense) benefit	1,189,329	-	-	-	-	-	-	-	-	-	-	-	1,189,329
Transfer Between Accounts													
Transfers in	137,195,407	-	-	558,090	-	2,516	8,904,503	606,175	11,190,658	6,456	2,545,588	-	161,009,393
Transfers out	(31,778,593)	-	(9,189,607)	(29,018,443)	(1,596,556)	(2,227,064)	(37,459,756)	(12,271,314)	(15,529,298)	(3,423,108)	-	(18,515,654)	(161,009,393)
Total transfers between accounts	105,416,814	-	(9,189,607)	(28,460,353)	(1,596,556)	(2,224,548)	(28,555,253)	(11,665,139)	(4,338,640)	(3,416,652)	2,545,588	(18,515,654)	-
Change in net assets	100,357,405	4,649,469	(9,121,849)	(2,883,148)	(6,380,055)	3,495,944	(10,240,392)	(11,681,127)	(440,542)	2,241,392	(856,717)	(13,004,913)	56,135,467
Net Assets													
Beginning	88,501,296	34,143,750	9,121,849	156,274,384	30,432,246	42,328,878	10,240,392	11,681,127	15,888,428	-	(1,485,814)	13,004,913	410,131,449
Ending	$ 188,858,701	$ 38,793,219	$ -	$ 153,391,236	$ 24,052,191	$ 45,824,822	$ -	$ -	$ 15,447,886	$ 2,241,392	$ (2,342,531)	$ -	$ 466,266,916

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF CASH FLOWS BY FUND
YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted											
											Tax Exempt		
	Operating/SLC	Teacher Loans	Warehouse Financing	96 Resolution	04 Resolution	08 Resolution	Federal Loan Participation Program	Credit Lines	Straight A Conduit	2010-1 Resolution	09 PAL Resolution	02 Resolution	Total
Cash Flows from Operating Activities													
Change in net assets	$ 100,357,405	$ 4,649,469	$ (9,121,849)	$ (2,883,148)	$ (6,380,055)	$ 3,495,944	$ (10,240,392)	$ (11,681,127)	$ (440,542)	$ 2,241,392	$ (856,717)	$ (13,004,913)	$ 56,135,467
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities													
Depreciation	200,811	-	-	-	-	-	-	-	-	-	-	-	200,811
Unrealized (gain) loss on investments	(733,470)	46,807	-	-	-	-	-	-	-	-	-	-	(686,663)
Impairment of building	219,970	-	-	-	-	-	-	-	-	-	-	-	219,970
Amortization of premiums and discounts on bonds payable	-	-	-	509,411	-	116,131	-	-	-	642,810	-	-	1,268,352
Amortization of cost of debt issuance	-	-	-	169,226	146,161	462,891	-	-	-	389,738	-	-	1,168,016
Allowance for Loan Loss	918,560	-	(33,670)	-	5,959,203	-	(185,510)	(22)	(100,184)	-	17,110	-	6,575,487
Changes in operating assets and liabilities													
(Increase) decrease in due from US Department of Education	59,890	5	(615,428)	1,032,846	8,322	398,317	(3,980,083)	(545,264)	319,432	5,483,184	-	-	2,161,221
(Increase) decrease in due from SC State Education Assistance Authority	381,288	4,912	175,939	(809,633)	40,405	(157,525)	720,697	-	16,671	38,403,328	110,145	5,535,522	44,421,749
(Increase) decrease in interest due from borrowers	(88,920)	(837)	1,517,745	(89,112)	3,051,555	1,456,051	13,797,404	582	(183,501)	(23,446,166)	(112,823)	24,813,966	20,715,944
(Increase) decrease in accrued investment income	(26,396)	13,121	343	7,817	4,063	3,321	-	-	-	-	-	-	2,269
(Increase) in prepaid expenses	128,502	-	-	-	-	-	-	-	-	(31,333)	-	-	97,169
Increase (decrease) in interest payable	-	-	(155,943)	(284,560)	(30,569)	(156,700)	(364,840)	(4,218)	-	1,861,501	-	-	864,671
Increase (decrease) in accounts payable	136,536	(1,324)	-	-	(629)	-	-	-	(7,013)	-	-	-	127,570
Increase (decrease) in deferred revenue	-	-	-	-	-	-	-	-	-	-	256,141	-	256,141
Increase (decrease) in accrued pension expense	(2,083,340)	-	-	-	-	-	-	-	-	-	-	-	(2,083,340)
Increase (decrease) in compensated absences	483,195	(29,671)	-	-	-	-	-	-	-	-	-	-	453,524
Increase (decrease) in teacher loan liability\	-	281,818	-	-	-	-	-	-	-	-	-	-	281,818
(Decrease) in due to SC State Education Assistance Authority	-	-	-	-	-	-	-	-	-	-	891,195	-	891,195
Due to (from) other funds	(21,270,837)	(122,380)	(31,451)	35,996	(3,080)	(17,422)	-	-	(13,450)	21,422,581	43	-	-
Net cash provided by (used in) operating activities	78,683,194	4,841,920	(8,264,314)	(2,311,157)	2,795,376	5,601,008	(252,724)	(12,230,049)	(408,587)	46,967,035	305,094	17,344,575	133,071,371
Cash Flows from Investing Activities													
Purchase of property and equipment	(681,744)	-	-	-	-	-	-	-	-	-	-	-	(681,744)
Principal payments on student loans	7,100,164	93,350	125,798,696	101,226,353	15,191,556	59,560,913	637,325,733	75,524	35,269,222	64,866,580	3,348,656	778,280,457	1,828,137,204
Purchase and issuance of student loans	(12,457,406)	(6,653,582)	-	(64,109,080)	(7,800,449)	(11,185,929)	(484,215)	-	(12,387,811)	(951,236,444)	(20,809,989)	-	(1,087,124,905)
Teacher loan cancellations	-	2,967,266	-	-	-	-	-	-	-	-	-	-	2,967,266
Purchase of investments	(40,167,549)	(46,806)	-	-	-	-	-	-	-	-	-	-	(40,214,355)
Net cash provided by (used in) investing activities	(46,206,535)	(3,639,772)	125,798,696	37,117,273	7,391,107	48,374,984	636,841,518	75,524	22,881,411	(886,369,864)	(17,461,333)	778,280,457	703,083,466
Cash Flows from Financing Activities													
Proceeds from financing loans	-	-	-	-	-	-	-	-	-	-	15,954,631	-	15,954,631
Payments on financing loans	-	-	-	-	-	-	-	-	-	-	-	(795,625,032)	(795,625,032)
Proceeds from lines of credit	-	-	-	-	-	-	163,294	25,117	-	-	-	-	188,411
Payments on lines of credit	-	-	(119,822,000)	-	-	-	(639,096,915)	(1,447,685)	-	-	-	-	(760,366,600)
Proceeds from bonds	-	-	-	-	-	-	-	-	-	920,000,000	-	-	920,000,000
Payments of bonds	-	-	-	-	(23,100,000)	(54,436,653)	-	-	-	(29,209,429)	-	-	(106,746,082)
Payments on other notes payable	-	-	-	-	-	-	-	-	(21,572,831)	-	-	-	(21,572,831)
Payments of debt issuance costs	-	-	-	-	-	-	-	-	271,144	(5,846,072)	-	-	(5,574,928)
Payments of original issue discount	-	-	-	-	-	-	-	-	-	(9,642,136)	-	-	(9,642,136)
Net cash provided by (used in) financing activities	-	-	(119,822,000)	-	(23,100,000)	(54,436,653)	(638,933,621)	(1,422,568)	(21,301,687)	875,302,363	15,954,631	(795,625,032)	(763,384,567)
Net increase (decrease) in cash and cash equivalents	32,476,659	1,202,148	(2,287,618)	34,806,116	(12,913,517)	(460,661)	(2,344,827)	(13,577,093)	1,171,137	35,899,534	(1,201,608)	-	72,770,270
Cash and Cash Equivalents													
Beginning	57,194,505	9,345,952	2,287,618	60,051,999	21,279,103	16,713,416	2,344,827	13,577,093	6,500,813	-	1,503,723	-	190,799,049
Ending	89,671,164	10,548,100	-	94,858,115	8,365,586	16,252,755	-	-	7,671,950	35,899,534	302,115	-	263,569,319
Supplemental Disclosure of Cash Flow Information													
Cash payments for interest	$ -	$ -	$ 603,186	$ 5,746,733	$ 8,512,782	$ 5,413,427	$ 1,658,493	$ 22,825	$ 2,583,870	$ 4,833,988	$ -	$ -	$ 29,375,304

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF PROPERTY AND EQUIPMENT
YEAR ENDED JUNE 30, 2011

Description	Cost	Accumulated Depreciation 6/30/10	Depreciation Expense	Disposals and Transfers	**Accumulated Depreciation 6/30/11**
General Operating					
Land	$ 565,000	$ -	$ -	$ -	**$ -**
Building	2,615,778	389,020	65,786	-	**454,806**
Furniture and Fixtures					
Computer equipment	1,282,305	1,136,843	100,907	94,691	**1,143,059**
Other office machines	381,060	351,282	20,082	-	**371,364**
Telephone equipment	314,356	313,073	-	-	**313,073**
Miscellaneous	272,891	90,256	11,285	-	**101,541**
Total furniture and fixtures	2,250,612	1,891,454	132,274	94,691	**1,929,037**
Automobiles					
2004 Buick LeSabre	20,215	20,214	1	-	**20,215**
2008 Buick Lucerne	33,015	30,265	2,750	-	**33,015**
2005 Buick LeSabre	20,333	20,333	-	-	**20,333**
Total automobiles	73,563	70,812	2,751	-	**73,563**
Grand total	$ 5,504,953	$ 2,351,286	$ 200,811	$ 94,691	**$ 2,457,406**

SOUTH CAROLINA STUDENT LOAN CORPORATION
CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED JUNE 30, 2011

	Operating Fund 2011 Total Budget	Operating Fund 2011 Actual	Operating Fund 2011 Variance Favorable (Unfavorable)	Operating Fund 2010 Actual	Teacher Loan Program - EIA 2011 Total Budget	Teacher Loan Program - EIA 2011 Actual	Teacher Loan Program - EIA 2011 Variance Favorable (Unfavorable)	Teacher Loan Program - EIA 2010 Actual
Operating Expenses								
Personnel								
Staff salaries	$ 4,590,000	$ 4,217,589	$ 372,411	$ 4,676,826	$ 224,000	$ 194,919	$ 29,081	$ 178,406
Part-time salaries	-	-	-	-	-	-	-	-
Social security	335,000	287,082	47,918	318,477	15,650	13,263	2,387	12,038
Group insurance	735,000	578,355	156,645	702,038	37,500	27,344	10,156	30,954
Retirement	945,000	929,807	15,193	981,296	45,000	(13,016)	58,016	60,999
Unemployment	11,500	14,957	(3,457)	10,832	550	701	(151)	543
Total personnel before non-recurring defined benefit	6,616,500	6,027,790	588,710	6,689,469	322,700	223,211	99,489	282,940
Non-recurring defined benefit	-	-	-	-	-	-	-	-
Total personnel	6,616,500	6,027,790	588,710	6,689,469	322,700	223,211	99,489	282,940
Contractual								
Loan servicing	740,000	460,358	279,642	1,005,746	25,000	23,718	1,282	22,774
Legal	265,000	983,581	(718,581)	99,353	-	-	-	-
Accounting	210,000	241,884	(31,884)	305,490	3,000	2,051	949	3,705
Skip tracing	110,000	9,556	100,444	13,452	-	-	-	-
Credit bureau	20,000	51,529	(31,529)	29,923	-	-	-	-
Total contractual	1,345,000	1,746,908	(401,908)	1,453,964	28,000	25,769	2,231	26,479
General Operating								
Rent	-	-	-	-	8,796	8,759	37	8,759
Telephone	115,000	98,815	16,185	98,869	5,625	4,614	1,011	4,860
Printing	195,000	165,165	29,835	167,484	5,500	4,464	1,036	4,515
Postage	990,000	867,125	122,875	957,641	26,750	23,296	3,454	25,400
Supplies	73,000	72,245	755	66,626	3,500	3,639	(139)	3,062
Travel	50,000	36,586	13,414	53,074	-	-	-	-
Equipment maintenance	144,000	204,986	(60,986)	134,877	2,200	1,931	269	2,013
Subscriptions and fees	55,000	49,009	5,991	47,704	-	-	-	30
Meeting and conference expenses	55,000	44,090	10,910	53,500	-	-	-	-
Insurance - general and automotive	58,500	57,148	1,352	53,531	2,750	2,572	178	2,509
Outreach and awareness	27,250	9,993	17,257	20,617	-	-	-	-
Contingencies	40,600	5,911	34,689	67,733	200	-	200	52
Depreciation	170,485	135,026	35,459	219,644	-	-	-	-
Other operating expenses	-	211,049	(211,049)	48,713	-	-	-	-
Total general operating	1,973,835	1,957,148	16,687	1,990,013	55,321	49,275	6,046	51,200
Total operating expenses	9,935,335	9,731,846	203,489	10,133,446	406,021	298,255	107,766	360,619
Employee benefits - related changes other than net periodic pension cost (benefit)	-	(1,189,329)	1,189,329	258,398	-	-	-	-
Capital Additions								
Property, equipment, furniture and fixtures	50,000	681,744	(631,744)	34,940	-	-	-	-
Total operating expenses, employee benefits - related changes and capital additions	$ 9,985,335	$ 9,224,261	$ 761,074	$ 10,426,784	$ 406,021	$ 298,255	$ 107,766	$ 360,619

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF ORGANIZATIONAL DATA
YEAR ENDED JUNE 30, 2011

Incorporated November 15, 1973 under the Laws of the State of South Carolina. Began operations October 14, 1974. Offices located at Suite 210, Interstate Center, Columbia, South Carolina.

BOARD OF DIRECTORS OF THE CORPORATION

Name	Office	Term Expires 6/30
Fredrick T. Himmelein, Esq.	Chairman	2013
Loren D. Carlson	Vice Chairman	2014
Robert R. Hill, Jr.	Treasurer	2012
Charlie C. Sanders, Jr.	Secretary, President & CEO	2013
R. Jason Caskey, CPA		2014
Neil E. Grayson, Esq.		2014
J. Thornton Kirby, Esq.		2014
William M. Mackie, Jr.		2013
Jeffrey R. Scott		2012
Barbara F. Weston		2014
Vince V. Ford		2014

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

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		$ 31,921,385
Total U.S. Department of Education programs (major program)			$ 31,921,385

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, 2010, through June 30, 2011.

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 $ 83,926,393 for the year ending June 30, 2011.

DERRICK, STUBBS & STITH, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

508 Hampton Street, 1st Floor • Post Office Box 36
Columbia, South Carolina 29202-0036
Telephone: (803) 799-5810 • Facsimile: (803) 799-5554
www.dsscpa.com

A. David Masters, CPA
Charles R. Statler, Jr., CPA
Alan F. Grimsley, CPA
Hugh R. Penny, CPA, CISA, CBA
H. Warren Counts, Jr., CPA
K. Todd Dailey, CPA, CVA
Timothy M. Monahan, CPA

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
South Carolina Student Loan Corporation
Columbia, South Carolina

We have audited the financial statements of the South Carolina Student Loan Corporation as of and for the year ended June 30, 2011, and have issued our report thereon dated September 6, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Carolina Student Loan Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Carolina Student Loan Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Carolina Student Loan Corporation's internal control over financial reporting

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Carolina Student Loan Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the management, Board of Directors and the U.S. Department of Education and is not intended to be and should not be used by anyone other than those specified parties.

Derrick, Stubbs + Stith, LLP

September 6, 2011

Derrick, Stubbs & Stith, L.L.P.
Certified Public Accountants
Since 1950

508 Hampton Street, 1st Floor • Post Office Box 36
Columbia, South Carolina 29202-0036
Telephone: (803) 799-5810 • Facsimile: (803) 799-5554
www.dsscpa.com

A. David Masters, CPA
Charles R. Statler, Jr., CPA
Alan F. Grimsley, CPA
Hugh R. Penny, CPA, CISA, CBA
H. Warren Counts, Jr., CPA
K. Todd Dailey, CPA, CVA
Timothy M. Monahan, CPA

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

Compliance
We have audited the compliance of the South Carolina Student Loan Corporation with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2011. The South Carolina Student Loan Corporation's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the South Carolina Student Loan Corporation's management. Our responsibility is to express an opinion on the South Carolina Student Loan Corporation's compliance based on our audit.

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 South Carolina Student Loan 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. Our audit does not provide a legal determination on the South Carolina Student Loan Corporation's compliance with those requirements.

In our opinion, the South Carolina Student Loan Corporation complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance
The management of the South Carolina Student Loan Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the South Carolina Student Loan Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 South Carolina Student Loan Corporation's internal control over compliance.

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

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, Board of Directors and the U.S. Department of Education and is not intended to be and should not be used by anyone other than those specified parties.

Derrick, Stubbs & Stith, LLP

September 6, 2011

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

1. Summary of Auditor's Results:

(i)	Type of report issued on financial statements		Unqualified
(ii)	Material weaknesses in internal control over financial reporting		None Identified
(iii)	Significant deficiencies not considered to be material weaknesses in internal control over financial reporting		None Identified
(iv)	Noncompliance material to the financial statements		None Noted
(v)	Material weaknesses in internal control over major programs		None Identified
(vi)	Significant deficiencies not considered to be material weaknesses in internal control over major programs		None Identified
(vii)	Type of report issued on compliance for major programs		Unqualified
(viii)	Audit findings required to be reported under paragraph .510(a) OMB 133		None Disclosed
(ix)	Identification of major programs:		
	U.S. Department of Education		
	Higher education act insured loan programs		
	Federal family education loan program	<u>CFDA#</u>	<u>Expenditure</u>
	Subsidized interest	84.032	$ 31,921,385
(x)	Dollar threshold used to distinguish between Type A and Type B programs		$ 957,642
(xi)	South Carolina Student Loan Corporation qualifies as a low risk auditee under paragraph .530 OMB 133		Yes

2. Findings related to the financial statements which are required to be reported in accordance with GAGAS — None Reported

3. Findings and questioned costs for Federal awards including audit findings as defined in paragraph .510(a) OMB 133

(i)	Audit findings (e.g., internal control findings, compliance findings, questioned costs, or fraud)	None Reported
(ii)	Audit findings which relate to both the financial statements and Federal awards	None Reported

SOUTH CAROLINA STUDENT LOAN CORPORATION
SCHEDULE OF SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

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, 2011

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