South Carolina Student Loan Corporation

Report on Consolidated Financial Statements

For the year ended June 30, 2017

South Carolina Student Loan Corporation

Contents

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of South Carolina Student Loan Corporation and its related subsidiaries (the "Corporation") as of and for the year ended June 30, 2017, and the related notes to the consolidated financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting Change

As described in Note 16 to the consolidated financial statements, temporarily restricted net assets as of July 1, 2015 have been restated to reflect an accounting change. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the South Carolina Student Loan Corporation's basic financial statements. The consolidated schedules by fund, consolidated schedule of property and equipment, consolidated schedule of expenses and the schedule of expenditures of federal awards, as required by Title U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The consolidated schedules by fund, consolidated schedule of property and equipment, consolidated schedule of expenses and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedules by fund, consolidated schedule of property and equipment, consolidated schedule of expenses and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Elliott Davis Decosimo, LLC

Columbia, South Carolina
September 29, 2017

South Carolina Student Loan Corporation

Consolidated Statement of Financial Position

As of June 30, 2017 (with comparative amounts for 2016)

	2017			(As Restated) 2016 Totals
	Unrestricted	Temporarily Restricted	Total	Memorandum Only
Assets				
Current assets				
Cash and cash equivalents	$ 48,765,862	$ 128,766,029	$ 177,531,891	$ 201,995,575
Investments	184,685,684	-	184,685,684	181,703,654
Current portion of student loans receivable	7,971,073	247,434,166	255,405,239	234,995,760
Current portion of teacher loans receivable	-	2,255,319	2,255,319	2,300,143
Interest due from borrowers	654,545	33,590,998	34,245,543	35,774,763
Accounts receivable	66,000	-	66,000	69,462
Due from United States Department of Education	41,346	-	41,346	-
Due from servicers	37,911	2,606,029	2,643,940	-
Due from South Carolina State Education Assistance Authority	118,273	679,627	797,900	5,908,176
Accrued investment income	40,870	42,818	83,688	117,560
Prepaid expenses	127,206	76,293	203,499	332,703
Due from (to) other funds	539,575	(539,575)	-	-
Total current assets	243,048,345	414,911,704	657,960,049	663,197,796
Long-term receivables and other assets				
Student loans receivable, less current portion and net of allowance for loan loss of $22,323,860	69,461,887	1,419,275,695	1,488,737,582	1,761,651,730
Teacher loans receivable, net of allowance for loan cancellations of $10,498,402	-	28,325,557	28,325,557	26,859,474
Overfunded defined benefit plan	923,067	-	923,067	-
Due from (to) other funds	20,942,464	(20,942,464)	-	-
Total long-term receivables and other assets	91,327,418	1,426,658,788	1,517,986,206	1,788,511,204
Property and equipment				
Land	364,900	-	364,900	364,900
Building	4,358,670	-	4,358,670	4,358,670
Furniture and equipment	2,653,124	-	2,653,124	2,599,320
Automobiles	113,046	-	113,046	113,046
Less accumulated depreciation	(2,944,931)	-	(2,944,931)	(2,581,250)
Net property and equipment	4,544,809	-	4,544,809	4,854,686
Total assets	$ 338,920,572	$ 1,841,570,492	$ 2,180,491,064	$ 2,456,563,686

See Notes to Consolidated Financial Statements

Continued

South Carolina Student Loan Corporation

Consolidated Statement of Financial Position

As of June 30, 2017 (with comparative amounts for 2016)

	2017			(As Restated) 2016 Totals
	Unrestricted	Temporarily Restricted	Total	Memorandum Only
Liabilities and Net Assets				
Current liabilities				
Current portion of notes payable - finance loans	$ -	$ 5,027,638	$ 5,027,638	$ 6,188,245
Current maturities of bonds payable	-	263,163,436	263,163,436	284,760,436
Interest payable	-	3,030,513	3,030,513	2,531,305
Accounts payable	1,814,630	-	1,814,630	1,641,788
Unearned revenue	332,193	697,006	1,029,199	1,212,643
Customer refunds payable	122,974	-	122,974	-
Teacher loan liability	-	970,628	970,628	1,002,943
Defined contribution plan obligation	165,303	-	165,303	290,699
Compensated absences	1,447,934	-	1,447,934	1,979,512
Current portion of payable to the State	-	16,000,000	16,000,000	-
Due to South Carolina State Education Assistance Authority	37	-	37	-
Due to United States Department of Education	34,254	5,340,776	5,375,030	8,182,479
Total current liabilities	3,917,325	294,229,997	298,147,322	307,790,050
Noncurrent liabilities				
Notes payable - finance loans, less current maturities	-	37,374,136	37,374,136	42,290,405
Bonds payable, less current maturities	-	1,228,247,695	1,228,247,695	1,481,237,320
Payable to the State, less current portion	-	42,402,584	42,402,584	53,580,942
Due to South Carolina State Education Assistance Authority	-	39,835,008	39,835,008	39,835,008
Defined benefit plan obligation	-	-	-	2,528,939
Total noncurrent liabilities	-	1,347,859,423	1,347,859,423	1,619,472,614
Total liabilities	3,917,325	1,642,089,420	1,646,006,745	1,927,262,664
Net Assets				
Temporarily restricted				
For bond indentures - current debt service	-	10,150,294	10,150,294	9,395,110
For bond indentures	-	189,330,778	189,330,778	193,993,793
Total temporarily restricted	-	199,481,072	199,481,072	203,388,903
Unrestricted				
Board designated for scholarships	100,000	-	100,000	100,000
Undesignated	334,903,247	-	334,903,247	325,812,119
Total unrestricted	335,003,247	-	335,003,247	325,912,119
Total net assets	335,003,247	199,481,072	534,484,319	529,301,022
Total liabilities and net assets	$ 338,920,572	$ 1,841,570,492	$ 2,180,491,064	$ 2,456,563,686

See Notes to Consolidated Financial Statements

South Carolina Student Loan Corporation

Consolidated Statement of Activities

For the year ended June 30, 2017 (with comparative amounts for 2016)

	2017			(As Restated) 2016 Totals
	Unrestricted	Temporarily Restricted	Total	Memorandum Only
Revenues				
Income from United States Department of Education				
Student loan interest - subsidized	$ 15,222	$ 5,760,218	$ 5,775,440	$ 8,542,466
Special allowances	(109,108)	(31,821,277)	(31,930,385)	(42,240,786)
Student loan interest - unsubsidized	4,735,703	88,347,941	93,083,644	104,885,729
Investment income	1,770,451	625,172	2,395,623	1,544,315
Unrealized gain on investments	1,273,182	-	1,273,182	38,859
Late charges	58,744	1,304,603	1,363,347	2,040,718
Gain on bonds payable tender offer discount	-	-	-	32,419,500
Miscellaneous payments of student loans	33	6,893	6,926	(11,943)
Remittance from South Carolina State Education Assistance Authority for operating cost	474,027	-	474,027	526,162
Other	2,314,596	-	2,314,596	5,317,438
Net assets released from restrictions	68,131,381	(68,131,381)	-	-
Total revenues	78,664,231	(3,907,831)	74,756,400	113,062,458
Expenses				
Personnel	3,092,483	-	3,092,483	10,507,425
Contractual services	4,886,730	-	4,886,730	1,521,097
General operating	1,502,777	-	1,502,777	5,898,781
Interest on debt	32,661,481	-	32,661,481	30,609,861
Payments to South Carolina State Education Assistance Authority for student loan income	2,653,929	-	2,653,929	2,911,633
Loan fees	7,247,573	-	7,247,573	8,109,998
Reinsurance expense	869,776	-	869,776	996,354
Borrower incentives	5,276,961	-	5,276,961	5,539,836
Broker dealer fees	292,915	-	292,915	337,841
Building expense	259,439	-	259,439	275,584
Loan loss expense	10,829,039	-	10,829,039	3,779,330
Other	-	-	-	141,173
Total expenses	69,573,103	-	69,573,103	70,628,913
Changes in net assets	9,091,128	(3,907,831)	5,183,297	42,433,545
Net assets				
Beginning, as originally reported	325,912,119	203,388,903	529,301,022	539,162,301
Prior period adjustment	-	-	-	(52,294,824)
Beginning, as restated	325,912,119	203,388,903	529,301,022	486,867,477
Ending	$ 335,003,247	$ 199,481,072	$ 534,484,319	$ 529,301,022

See Notes to Consolidated Financial Statements

South Carolina Student Loan Corporation

Consolidated Statement of Cash Flows

For the year ended June 30, 2017 (with comparative amounts for 2016)

	2017			(As Restated) 2016 Totals Memorandum Only
	Unrestricted	**Temporarily Restricted**	**Total**	
Cash flows from operating activities				
Changes in net assets	$ 9,091,128	$ (3,907,831)	$ 5,183,297	$ 42,433,545
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	414,101	-	414,101	422,990
Unrealized gain on investments	(1,273,182)	-	(1,273,182)	(38,859)
Amortization of bond discounts	-	1,964,393	1,964,393	2,494,629
Loan loss expense	2,348,479	8,480,560	10,829,039	3,779,330
Gain on bonds payable tender offer discount	-	-	-	(32,419,500)
Changes in operating assets and liabilities:				
(Increase) decrease in due from South Carolina State Education Assistance Authority	1,445,231	3,665,044	5,110,275	(653,447)
(Increase) decrease in interest due from borrowers	(208,277)	1,737,496	1,529,219	3,012,256
Decrease in accounts receivable	3,462	-	3,462	927,350
Increase in due from United States Department of Education	(21,695)	-	(21,695)	-
Increase in due from servicers	(37,911)	(2,606,029)	(2,643,940)	-
(Increase) decrease in accrued investment income	56,411	(22,539)	33,872	120,106
(Increase) decrease in prepaid expenses	126,742	2,462	129,204	(53,205)
(Increase) decrease in overfunded defined benefit plan	(923,067)	-	(923,067)	451,892
Increase (decrease) in due to (from) other funds	113,782	(113,782)	-	-
Increase in interest payable	-	499,208	499,208	133,621
Increase (decrease) in accounts payable	172,842	-	172,842	(388,578)
Decrease in unearned revenue	(54,306)	(129,138)	(183,444)	(1,474,518)
Increase (decrease) in defined contribution plan obligation	(2,421)	-	(2,421)	3,043
Increase (decrease) in defined benefit plan obligation	(2,651,914)	-	(2,651,914)	2,528,939
Increase (decrease) in compensated absences	(531,578)	-	(531,578)	184,563
Increase (decrease) in teacher loan liability	-	(32,315)	(32,315)	44,703
Increase (decrease) in customer refunds payable	122,975	-	122,975	-
Increase in payable to the State	-	4,821,642	4,821,642	1,286,118
Increase (decrease) in due to United States Department of Education	20,100	(2,847,200)	(2,827,100)	(2,062,668)
Increase in due to South Carolina State Education Assistance Authority	37	-	37	-
Net cash provided by operating activities	8,210,939	11,511,971	19,722,910	20,732,310
Cash flows from investing activities				
Purchases of property and equipment	(104,224)	-	(104,224)	(302,042)
Changes in student loans receivable, net	(10,232,603)	251,908,234	241,675,631	233,152,616
Changes in teacher loans receivable, net	-	(1,421,259)	(1,421,259)	148,115
Net purchases of investments	(1,708,849)	-	(1,708,849)	(12,616,321)
Net cash provided by (used for) investing activities	(12,045,676)	250,486,975	238,441,299	220,382,368
Cash flows from financing activities				
Changes in notes payable - finance loans, net	-	(6,076,876)	(6,076,876)	(5,742,304)
Issuance of bonds payable	-	-	-	198,400,000
Refunds of bonds payable	-	-	-	(176,130,500)
Net payments on bonds payable	-	(276,551,017)	(276,551,017)	(342,116,420)
Net cash used for financing activities	-	(282,627,893)	(282,627,893)	(325,589,224)
Net decrease in cash and cash equivalents	(3,834,737)	(20,628,947)	(24,463,684)	(84,474,546)
Cash and cash equivalents				
Beginning	52,600,599	149,394,976	201,995,575	286,470,121
Ending	$ 48,765,862	$ 128,766,029	$ 177,531,891	$ 201,995,575
Supplemental disclosures of cash flow information				
Cash payments for interest	$ -	$ 23,747,603	$ 23,747,603	$ 22,660,649
Disposal of fully depreciated property and equipment	$ -	$ -	$ -	$ 16,800

See Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity:

The South Carolina Student Loan Corporation (the "Corporation") 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 of students to attend eligible post-secondary institutions. Funds from various sources are administered by the Corporation to achieve this goal.

Effective September 10, 2015, Palmetto Investment Holdings, Inc. ("PIHI"), a South Carolina Corporation (C-Corp) was organized as a wholly-owned subsidiary of the Corporation. PIHI functions as the holding company for for-profit ventures within the Corporation's consolidated corporate structure. Also effective September 10, 2015, SC3 Solutions, LLC ("SC3") was formed under the Laws of the State of South Carolina as a wholly-owned subsidiary of PIHI. SC3 operates as a call and customer contact center (see Note 18).

On January 1, 2011, the Corporation signed an agreement with Performant Financial Services ("PFC") to provide debt collection services as a subcontractor for loans held by the United States Department of Education ("USDE") for which PFC is collecting under a Master Servicing Agreement with the USDE. On April 1, 2011, the Corporation formed EdVantage Corporation ("EdVantage"), which is a controlled affiliate of the Corporation for the purpose of providing this subcontractor service. EdVantage ceased providing subcontractor services for PFC as of April 1, 2014. However, EdVantage maintained required licensing and on April 1, 2014 began providing collection services for the South Carolina State Education Assistance Authority (the "Authority") which continued through February 16, 2016. At that time the collection services on these accounts reverted to the Authority. EdVantage is not actively serving as a debt collector at this time.

The Corporation is the sole owner of Educational Loan Services, LLC ("ELS"), d/b/a Campus Partners ("CP"), a provider of servicing of student educational loans for universities, colleges and other educational institutions nationwide (see Note 4).

The Corporation administers the operations of the Authority. The Authority is a body politic as well as a corporate and 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 the State Fiscal Accountability Authority ("SFAA") whose members by virtue of their position in State government include the Governor, State Treasurer, Comptroller General, Chairman of Senate Finance Committee and Chairman of South Carolina House of Representatives Ways and Means Committee.

On June 22, 2016, the SFAA delegated to the Corporation the authority to communicate with the USDE at the appropriate time to terminate the guaranty agreements between the Authority and USDE, cease operating as a guaranty agency under the Higher Education Act of 1965 and to present to the State Treasurer all necessary documents required to effect such termination. The Corporation notified the USDE on June 22, 2016 of the intention to terminate the guaranty agreement. On July 21, 2016, the Corporation received notice from the USDE formally naming Educational Credit Management Corporation ("ECMC") as the receiving guarantor; however, initial discussion and coordination of the transfer between the parties began on July 7, 2016. The related conversion occurred on December 1, 2016 (see Note 18).

Note 1. Summary of Significant Accounting Policies, Continued

Reporting entity (continued):

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

The accompanying financial statements present the consolidated financial position, results of activities and cash flows of the Corporation and its controlled affiliate and subsidiaries.

Overall operating arrangement:

The Authority, as a guaranty agency, has approved the Corporation as an eligible lender to administer the Federal Family Education Loan ("FFEL") Program. It is the duty of the Corporation to process applications, make student loans and collect principal, interest, fees and penalties on such loans. Loans may or may not be subsidized. Interest is paid on subsidized loans during the enrolled, grace and deferred periods by the USDE. Upon entering the repayment period, the interest is paid by the borrower. Effective July 1, 2010, the FFEL Program was discontinued and all future federal loans are originated through the Direct Loan Program. The Corporation does, however, continue to serve as the eligible lender and servicer of the previously originated FFEL loans. The Corporation also continues to originate 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 (see Note 18).

During fiscal year 1985, the Corporation began administering the Teacher Loan Program ("TLP"). The TLP is a part of the Education Improvement Act of 1984 (the "Act") passed by the South Carolina General Assembly. The Corporation was named in the Act as the administrator of this program. The funds for operations and for making loans are provided by state appropriations. The intent of the program is to attract, through financial assistance, talented individuals and to encourage them to enter teaching in areas of critical need within the State of South Carolina. Loans are cancelled 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 in a critical subject or critical location. TLP loans made for academic years before 1994-1995 are guaranteed by the Authority. Loans made for academic years 1994-1995 or after are non-guaranteed.

Note 1. Summary of Significant Accounting Policies, Continued

Overall operating arrangement (continued):

As stipulated by the South Carolina Code of Laws when the TLP began during fiscal year 1985, a separate revolving State-owned bank account was designated and established for the TLP. The account is named the EIA Revolving Student Loan Program Fund 41L1 ("Fund 41L1"). Funds generated from repayments to the TLP must be retained in this account for the purpose of making TLP loans in keeping with the stipulation with the originally appropriated funds. Transactional activity of Fund 41L1 is directed by the Corporation as it administers the program while the investment of funds in the account is directed by the State Treasurer. As of June 30, 2017, the balance of Fund 41L1 was $22,128,862.

During June 2017, the fiscal year 2017-2018 State Appropriations Act (the "Appropriations Act") was finalized and became effective July 1, 2017. It includes authorization for the State Treasurer to transfer $16,000,000 from Fund 41L1 to the State's Department of Education to be used for the School District's Capital Improvement Plan as set forth in the same Appropriations Act. The Appropriations Act was finalized by the State and the Corporation was notified of the appropriation prior to June 30, 2017. The transaction has been reflected in the Teacher Loan Fund of the consolidated financial statements for the fiscal year ended June 30, 2017 as a reduction to the net assets and an increase in a liability due to the State Department of Education. This reflects the movement of $16,000,000 of funds of the TLP as originally provided for in the South Carolina Code of Laws to another State designated program within the State's Department of Education (see Note 18).

Historically, the TLP has been included in the Corporation's consolidated financial statements due to the structure of the Corporation's administrator role as defined in the South Carolina Code of Laws. The Teacher Loan Fund reflects all transactions of the TLP and has historically been classified as "temporarily restricted" since the funds were to be used for continued funding of the TLP. As a result of the appropriations action of the State directing movement of monies from Fund 41L1 by the State Treasurer for use other than for the TLP, management of the Corporation concluded that the previously exclusive TLP activity supported by assets of the TLP and the nature of the relationship with the State has changed. Thus, as discussed further in Note 16, management concluded that a change in accounting policy was appropriate and reclassified the net assets related to the TLP as of July 1, 2015 to a liability account. Included in this reclassification is the $411,348 fund balance for the Governor's Teacher Scholarship Loan Program.

The Commission on Higher Education in consultation with the State Department of Education and the Corporation developed the Governor's Teacher Scholarship Loan Program to provide talented and qualified State residents loans not to exceed $5,000 a year to attend public or private colleges and universities for the purpose of becoming certified teachers employed in the public schools of South Carolina. Recipients of a loan are entitled to have 100% of the amount of the loan plus accrued interest cancelled if he/she becomes certified and teaches in a South Carolina public school for at least 5 years. The Corporation began making loans under this program during 1990; however, due to lack of funding through State appropriations, the program ceased after the 1997-1998 academic year.

During the fiscal year ended June 30, 1996, the Corporation began making and servicing supplemental loans through the Palmetto Assistance Loan ("PAL") Program. The PAL Program offered supplemental loans for students and parents of students enrolled at least half-time in an eligible school and for fourth year medical students with specified federal loans originated through the Corporation who were seeking funds for their residency and relocation. These loans were funded from Corporation accumulated unrestricted net assets and bond funds. The Corporation discontinued offering this PAL Program during December 2008.

Note 1. Summary of Significant Accounting Policies, Continued

Overall operating arrangement (continued):

During the fiscal year ended June 30, 2010, the Corporation restructured the PAL Program and began marketing the restructured program. The new PAL Program restricts the offering of loans only to students. The student must be enrolled on at least a half-time basis in a certificate or degree granting program and attending an eligible school in the State of South Carolina, or be a resident of South Carolina and attending an eligible college or university within the United States. These loans are funded by an $85,000,000 bond offering issued by the Authority dated October 2, 2009.

The Corporation began disbursing PAL Program in-school loans out of the Corporation's unrestricted net assets during 2012 for students attending schools in South Carolina or for South Carolina residents attending an eligible school within the United States.

During May 2013, the Corporation began offering PAL Program Consolidation Loans. This PAL Program Consolidation Loan restricted the offering of loans to students who were in a grace period or post-enrollment repayment status and in good standing on all education loans being consolidated. The student was required to have a FICO score of 670 or above and a debt to income ratio of 30% or less. The student was also required to have loans made for attendance at Title IV eligible schools located in the United States, be a South Carolina resident or a nonresident with eligible loans made for attendance at eligible in-state schools, and not be incarcerated. These consolidation loans were funded from available funds of the Corporation. During August 2014, this program was terminated due to lower volume attributed to a new federal consolidation loan program allowing both FFEL Program and Direct Loan Program loans to be consolidated into one federal consolidation loan.

During mid-2015, the Corporation began offering the Palmetto Assistance Loan Refinancing Loan ("PAL ReFi") Program through an initial targeted direct mailing to eligible South Carolina residents who obtained federal Parent Loan for Undergraduate Student (PLUS) loans on or after July 1, 2010. A minimum FICO score of 700 is required as part of the determination of the creditworthiness of each applicant. These loans are funded from available unrestricted funds of the Corporation.

During 2017, the Corporation made adjustments to the interest rates for the PAL Program. Borrowers may receive a range of 3.99% to 6.99% fixed rates depending upon their credit score and enrolled payment option. The required minimum FICO credit score remained at 670. Parent borrowers now have the option of applying for the PAL Program loan in their name for a benefiting student. Fixed interest rates for the PAL Refi Program loan were reduced to 4.75%, 5.50% and 6.00%, respectively, dependent upon the length of the repayment term selected by the borrower. These loans are funded from available unrestricted funds of the Corporation.

The Health Care and Education Reconciliation Act of 2010 nationalized the federally-guaranteed student loan program mandating that all federal student loans made on or after July 1, 2010 be originated by the USDE. Without the ability to continue to originate these federal loans, the Corporation's student loan portfolio steadily decreased and reached a level which was not economically feasible to continue to service in-house. After entering into a contract with National Education Loan Network ("Nelnet") to perform the servicing function on the Corporation's behalf for FFEL loans, the Corporation formally began transitioning its student loan servicing function to Nelnet and completed the conversion of FFEL loans on August 19, 2016. Transition of private loans to Firstmark Services, a division of Nelnet, was completed on January 13, 2017. Loans outstanding for the TLP are scheduled to transition to a sub-servicer during the fiscal year ending June 30, 2018 (see Note 18).

Note 1. Summary of Significant Accounting Policies, Continued

Basis of accounting:

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

Consolidation policy:

The consolidated financial statements include the accounts of the Corporation and its controlled affiliate, EdVantage and subsidiaries including ELS/CP, PIHI, and SC3. Historically, the consolidated financial statements also included the Teacher Loan Fund due to the structure of the Corporation's administrator role as defined in the South Carolina Code of Laws. As discussed in the *Overall Operating Agreement* section of this note, the Corporation no longer includes the Teacher Loan Fund in its consolidated Statement of Activities. However, the Teacher Loan Fund is included on the consolidated Statement of Financial Position of the Corporation as a liability due to the State. All material inter-corporation accounts and transactions of the consolidated subsidiaries 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 are considered unrestricted. These net assets, including those designated by the Corporation's Board of Directors, 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 are considered temporarily restricted. These net assets consist of accumulated assets and liabilities for the general resolutions of outstanding bonds.

Permanently restricted net assets:

Net assets subject to stipulations that must be maintained permanently by the Corporation are considered permanently restricted. 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; 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.

Note 1. Summary of Significant Accounting Policies, Continued

Cash and cash equivalents:

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

Concentration risk:

The Corporation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At June 30, 2017, all of the Corporation's cash was held in institutions that are covered by federal depository insurance; however, some demand deposit accounts exceeded the federally insured limit. The Corporation monitors each of these institutions for financial deterioration characteristics on a continuous basis, and as of June 30, 2017, believed each institution is well-capitalized with no going concern issues.

Investments:

Investments are classified as available-for-sale and initially recorded at cost with adjustments for amortization of premiums or discounts over the level yield method. Thereafter, investments are recorded at fair value and any changes in unrealized gains or losses are recorded through the Consolidated Statement of Activities. Realized gains or losses on sale of investments are determined using the specific identification method.

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 $10,498,402 at June 30, 2017. The Corporation maintains $970,628 as a liability at June 30, 2017, for the undisbursed funds from the TLP. 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.

Student loans - provision for losses:

The provision for losses on student loans represents the Corporation's estimate of the costs related to the 2% to 3% risk sharing on FFEL loans and losses related to servicing all guaranteed loans by the Corporation that are not covered by its financings (See Note 6). The Corporation makes no provision of losses on student loans securing any of its financings as all of the borrowings disclosed in Note 7 are nonrecourse to the Corporation. The holders of the bonds have all the credit risk for student loan losses that occur in each "trust estate". The provision also includes an estimate for non-guaranteed loans. In making the estimate, the Corporation considers the trend in default rates in the loan guarantee portfolio, past and anticipated loss experience, current operating information, and changes in economic conditions. The evaluation is inherently subjective and the provisions may significantly change in the future. Additionally, the Corporation maintains a 100% allowance for all PAL Program loans past due 180 days or more. The allowance for loan losses was $22,323,860 at June 30, 2017 (see Note 6 on Federal Reinsurance of FFEL loans).

Note 1. Summary of Significant Accounting Policies, Continued

Property and equipment:

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

Amortization of deferred cost of issuance of bonds and bond premiums and accretion of bond discounts:

The 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 interest on debt.

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. 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 income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Corporation's tax positions and concluded that the Corporation has 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 2014. EdVantage is also exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated EdVantage's tax positions and concluded that EdVantage had no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. PIHI is a taxable entity. Management has evaluated PIHI'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. No income tax provision is needed at this time.

Recently issued accounting pronouncements:

During August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40)*, providing guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The guidance from this accounting standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if "conditions or events raise substantial doubt about the entity's ability to continue as a going concern." The guidance from this accounting standard applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Corporation adopted this accounting standard during the fiscal year ended June 30, 2017. This accounting standard did not have a material effect on the Corporation's consolidated financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

Recently issued accounting pronouncements (continued):

During April 2015, the FASB issued Accounting Standards Update No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30)*, that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. This accounting standard affects disclosures related to debt issuance costs but does not affect existing recognition and measurement guidance for these items. This accounting standard is effective for fiscal years beginning after December 15, 2015, and interim periods beginning after December 15, 2016, with early adoption permitted. The Corporation adopted this accounting standard during the fiscal year ended June 30, 2015 and applied it retrospectively. This accounting standard did not have a material effect on the Corporation's consolidated financial statements.

During February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. This accounting standard establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases.

The new guidance (1) results in a more faithful representation of the rights and obligations arising from leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases; (2) results in fewer opportunities for organizations to structure leasing transactions to achieve a particular accounting outcome on the statement of financial position; (3) improves understanding and comparability of lessees' financial commitments regardless of the manner they choose to finance the assets used in their businesses; (4) aligns lessor accounting and sale and leaseback transactions guidance more closely to comparable guidance in Topic 606, *Revenue from Contracts with Customers*, and Topic 610, *Other Income*; (5) provides users of financial statements with additional information about lessors' leasing activities and lessors' exposure to credit and asset risk as a result of leasing; and (6) clarifies the definition of a lease to address practice issues that were raised about the previous definition of a lease and to align the concept of control, as it is used in the definition of a lease, more closely with the control principle in both Topic 606 and Topic 810, *Consolidation*. The new guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.

During August 2016, the FASB issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, with the goal of improving not-for-profit entity financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users.

The guidance from this accounting standard significantly changes how not-for-profit entities present net assets on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources.

This accounting standard represents the first major change to not-for-profit financial statement presentation since the mid-1990s, and marks the completion of the first phase of the FASB's project related to not-for-profit financial reporting. The second phase is focused on defining the term "operations" and aligning the presentation of measures of operations in the statement of activities with measures of operations in the statement of cash flows.

Note 1. Summary of Significant Accounting Policies, Continued

Recently issued accounting pronouncements (continued):

This guidance from this accounting standard will be effective for annual financial statements for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted.

During November 2016, the FASB released Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230)*, and the amendments in this accounting standard apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this accounting standard require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this accounting standard do not provide a definition of restricted cash or restricted cash equivalents.

The amendments in this accounting standard are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption during an interim period. If an entity early adopts the amendments during an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in this accounting standard should be applied using a retrospective transition method to each period presented.

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 consolidated financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Note 2. Cash and Cash Equivalents

As of June 30, 2017, cash and cash equivalents include demand deposits and short-term investments with a maturity of three months or less as follows:

	Cost	Market Value
Unrestricted		
South Carolina State Treasurer pool	$ 74,695	$ 74,695
Collateralized demand deposits	11,277,242	11,277,242
Money market	37,413,925	37,413,925
Total unrestricted	$ 48,765,862	$ 48,765,862
Temporarily restricted		
Collateralized demand deposits	$ 34,627	$ 34,627
Money market	83,302,244	83,302,244
South Carolina State Treasurer pool	25,240,971	25,299,520
Guaranteed investment contracts	20,129,638	20,129,638
Total temporarily restricted	$ 128,707,480	$ 128,766,029

Cash and cash equivalents included in the TLP include the South Carolina State Treasurer Pool totaling $25,299,520.

Note 3. Investments

The market value of investments is determined by quoted market values and consists of the following as of June 30, 2017:

	Cost	Market Value
Mutual funds	$ 7,026,022	$ 7,740,309
Corporate stocks/bonds	62,197,676	62,794,896
Insured deposits/repurchase obligations	112,650,479	112,650,479
Private investment	1,500,000	1,500,000
Total	$ 183,374,177	$ 184,685,684

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 Consolidated Statement of Financial Position.

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

On November 23, 2011, the Corporation signed a contract with Educational Loan Servicing, LLC ("ELS") d/b/a Campus Partners ("CP") as a vendor to provide a platform and servicing functionality sufficient to meet the requirements for servicing USDE direct loans. Subsequently on February 1, 2012, the Corporation purchased 27.67% ownership of ELS for $4,000,000 from JPT Partners ("JPT"), which was the sole owner of all equity of ELS, with an option to purchase from JPT an additional 23.33% at a later date for $3,500,000 for a total ownership of 51.00%. As a result of several delays by CP in providing the contracted servicing platform for Direct Loans, the Corporation evaluated its current investment in ELS and declined to make the additional $3,500,000 investment. On June 20, 2012, the Corporation made an offer under certain conditions to CP to provide a revocable line of credit for $6,000,000 for a term of three years at a rate of prime plus 1.50% to provide CP sufficient funding to complete the development of the servicing platform. Additional terms of the offer to provide the $6,000,000 line of credit was that the initial $4,000,000 investment would represent a 51.00% ownership by the Corporation, as the Corporation believed that the equity value had declined as a result of the delays in the delivery of the servicing platform. Also, the Board of Directors of ELS would be restructured from three members to five members with three members appointed by the Corporation and two members appointed by JPT. All decisions would be approved by a majority vote. The amended offer term sheet also included several less significant provisions that would need to be met in order for the Corporation to provide the line of credit. On July 30, 2012, the Corporation extended the revocable $6,000,000 to CP and as a result of the conditions to provide the note, the Corporation obtained an additional 23.33% of ELS for a total ownership of 51.00%. On February 26, 2013, the Corporation purchased the remaining 49.00% of equity in CP from ELS for a purchase price of $1,245,000, resulting in an ownership of 100.00% of CP.

On June 11, 2015, ELS entered into an agreement with Heartland Payment Systems, Inc. ("HPS, Inc.") resulting in the sale of all CP customer contracts to HPS, Inc. The contract included managing the servicing, accounting and processing of Perkins and institutional student loans for higher education institutions. Under the terms of the agreement, for a specified period, CP continued to coordinate certain transition services needed by HPS, Inc. to perform under the terms of the contracts using the CP's servicing system. CP also shared in the contract revenue with HPS, Inc. as specified in the agreement. As a result of this transaction, the $13,396,336 note payable from CP to the Corporation was reduced to $920,000 at June 30, 2015. The Corporation recorded a valuation allowance of $12,476,336 on the note for the year ended June 30, 2015. CP recorded income for cancellation of debt related to the valuation allowance for $12,476,336 on the note payable for the year ended June 30, 2015. These amounts were eliminated in the consolidated financial statements.

On July 15, 2016, ELS entered into an agreement with Heartland Payment Systems, LLC ("HPS, LLC") resulting in the sale of the majority of the remaining assets of CP including contracts with vendors, the "Campus Partners" name and stated trademark registrations, and other specified assets related to the servicing of customer contracts sold to HPS, Inc. in the June 11, 2015 agreement. Under the new agreement, HPS, LLC's assumption of responsibility for the contracts with vendors was completed through either an assignment of the contract from ELS/CP to HPS, LLC as provided for by the vendor or negotiation of a new contract between HPS, LLC and the vendor coupled with termination of any existing contract that ELS/CP had with the respective vendor. The purchase price of the assets was $724,165. The term for the shared revenue related to the June 11, 2015 agreement was adjusted to end as of May 31, 2016.

Note 5. Amounts Due from (to) the South Carolina State Education Assistance Authority

As of June 30, 2017, the Authority owes the Corporation funds collected on their behalf of $797,900, which are required to be paid by the tenth of each month. The Corporation owes the Authority funds it contributed to the 2010-2011 General Resolution of $39,835,008 (see Note 7) and $484,036 for deferred costs of issuance on the 2009 PAL bond.

Note 6. Federal Family Education Loans and Federal Reinsurance Loans

During 2017, these loans were bearing interest at fixed rates ranging from 2.870% to 10.0% or an annual variable rate of 2.65% to 3.80%. 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 preceding June 1, plus 1.70% to 3.25% with a cap on the rate of 8.25% to 12.0%. The repayment period for these loans is five (5) to thirty (30) years with a minimum payment of $360 or $600 per year, except in the case of income-based repayment plans. Repayment of principal may be scheduled to begin within sixty (60) days of final disbursement or six (6) to ten (10) months after the student graduates or ceases to be enrolled on at least a half-time basis in an eligible institution.

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

The USDE insures loans against death or disability at 100% and default 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 at June 30, 2017 are $1,503,440,194.

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

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

The Health Care and Education Reconciliation Act of 2010 ("HCRA") was signed into law on March 30, 2010, requiring all new federal student loans to 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. This trend has continued and is reflected in reductions in the FFEL portfolio primarily due to consolidation of these loans to the Direct Loan Consolidation Program offered by the USDE and receipt of normal borrower payments. Additionally, since the FFEL loan program was the major component of the Corporation's lending activity, it is expected that the future asset growth and related earnings on that portion of the asset growth will continue to be impacted. The Corporation is currently evaluating the potential impact to its future revenue stream and is also currently exploring alternative revenue sources to offset the impact of the declining FFEL portfolio. The potential impact cannot be reasonably predicted (see Note 18).

Note 7. Bonds Payable

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

The transactions for each bond resolution are accounted for in a resolution specific fund. These funds are considered temporarily restricted as described in the *Temporarily restricted net assets* section of Note 1 and are included in the Corporation's consolidated financial statements.

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, 2017, the Corporation held funds on deposit as restricted cash in the debt service funds of $10,150,294.

The bonds outstanding as of June 30, 2017, are as follows:

Issued	Original Amount	Maturity Date	Balance Outstanding June 30, 2016	Issued (Retired) During FY 2017	Balance Outstanding June 30, 2017
July 19, 2005	$ 700,000,000	12/3/2018 - 12/1/2023	$ 186,282,000	$ (73,261,000)	$ 113,021,000
July 11, 2006	500,000,000	12/2/2019 - 12/1/2022	68,340,000	(47,230,000)	21,110,000
June 25, 2008	600,000,000	9/2/2014 - 9/3/2024	179,587,902	(36,514,261)	143,073,641
November 30, 2010	920,000,000	1/25/2021 - 10/27/2036	482,135,496	(67,550,264)	414,585,232
February 20, 2013	323,620,000	1/25/2041	195,844,844	(31,490,000)	164,354,844
August 20, 2014	501,500,000	4/1/2030 - 8/1/2035	501,500,000	-	501,500,000
November 25, 2015	198,400,000	1/25/2036	184,176,061	(23,104,891)	161,071,170
			1,797,866,303	$ (279,150,416)	1,518,715,887
Less costs of issuance			(31,868,547)		(27,304,756)
			$ 1,765,997,756		$ 1,491,411,131

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

The Corporation's LIBOR Indexed Bonds in the 1996 General Resolution totaled $635,631,000 as of June 30, 2017, and have variable interest rates equal to three-month LIBOR plus 0.12% to 0.14%, as adjusted quarterly, or one-month LIBOR plus 0.75% to 1.5%, as adjusted monthly. Throughout the year ended June 30, 2017, none of the rates exceeded 2.495%. Future interest payment projections are based upon the ten-year weighted average rate at June 30, 2017, which was 1.482%.

The 2005 and 2006 LIBOR Indexed Bonds are subject to pro rata principal reduction payments prior to maturity based on targeted amortization schedules set forth in the 1996 General Resolution. The principal and interest payments on the 2005 and 2006 Series bonds are paid quarterly on the Distribution Dates (the first business day of each March, June, September and December).

Note 7. Bonds Payable, Continued

On August 20, 2014 the Corporation issued $501,500,000 of Education Loan Revenue Bonds, 2014 Series, under the 1996 General Resolution. Proceeds of the issue were used to: (i) pay target amortization payments for prior bonds within the 1996 General Resolution that had not been satisfied prior to the 2014 Series issuance, (ii) finance repurchased education loans held as unencumbered assets of the Corporation, (iii) fund certain accounts and funds required under the 1996 General Resolution including the Supplemental Reserve Fund, the General Revenue Fund, the Senior Lien Account and the Subordinate Lien Account of the Debt Service Fund, and (iv) pay cost of issuance. A portion of the Supplemental Reserve Fund has been used to meet the targeted amortization payments as scheduled during the current fiscal year for the 2005 and 2006 Series bonds.

The interest payments for the 2014 Series bonds are paid on the Distribution Dates (the first business day of each month). No principal payments for the 2014 Series bonds will be paid until the 2005 and 2006 Series bonds are paid in full.

Auction Rate Securities Secured by 2004 General Resolution:

On September 30, 2015, the Corporation issued a Cash Tender Offer to holders of existing auction rate notes to tender their existing auction rate notes and accept cash for 91% of par, plus accrued but unpaid interest as defined in the tender offer document. The Cash Tender Offer referenced the 2004-A and 2006-A series of the 2004 General Resolution with outstanding principal balances as of September 15, 2015 of: Series 2004-A-1 of $53,800,000, Series 2004-A-2 of $60,750,000, Series 2006-A-1 of $60,800,000 and Series 2006-A-2 of $49,800,000. The Cash Tender Offer expired at 5:00 p.m., Eastern Time on October 30, 2015. Any notes not tendered could be duly called for redemption. Upon closing of the Cash Tender Offer and redemption at par of the remaining notes outstanding, the assets pledged under the 2004 Ambac Insured General Resolution and considered in value would be released from the lien created in the 2004 Resolution and be pledged under a new resolution. Those assets not considered in value, would be released and transferred to the Corporation. Closing for the Cash Tender Offer occurred on November 25, 2015 with redemption of all remaining notes at par completed by December 18, 2015. The accrued interest and tender price on the 2004/2006 Ambac Insured Notes of noteholders secured under the 2004 Ambac Insured General Resolution that tendered their notes for cash under the terms of the Cash Tender Offer totaled $176,130,500. The accrued interest and redemption price on the 2004/2006 Ambac Insured Notes of noteholders secured under the 2004 Ambac Insured General Resolution that were called for redemption totaled $396,621. The recognized gain on the Cash Tender Offer of $32,419,500 consisted of the impact of the 9% discount for the tendered notes and a contribution by Ambac, the insurer of the issuance.

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 three-month 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.

Note 7. Bonds Payable, Continued

LIBOR Notes Secured by 2008-1 General Resolution (continued):

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 A-1 and A-2 notes have been 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, 2017 was $143,073,641.

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 Authority, consisting of Auction Rate Securities issued under the Authority's 2002 General Resolution, (iii) fund the Debt Service Reserve Fund, (iv) fund the Capitalized Interest Fund, and (v) pay cost of issuance.

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

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 A-1 notes have been 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, 2017 was $414,585,232.

LIBOR Notes Secured by the 2013-1 General Resolution:

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

Principal and interest on the LIBOR notes is to be paid on each Distribution Date (the twenty-fifth day of each month, or the next business day if such day is not a business day). The Notes are subject to optional redemption on the next Distribution Date occurring when the Pool Balance is 10% or less of the Initial Pool Balance. The balance of the notes as of June 30, 2017 was $164,354,844.

Note 7. Bonds Payable, Continued

LIBOR Notes Secured by 2015-A General Resolution:

On November 25, 2015, the Corporation issued $198,400,000 of Student Loan Backed Notes, 2015-A Series, with a variable interest rate of 1-month LIBOR plus 1.50%. Proceeds of the issue were used to (i) fund the purchase pursuant to the Corporation's Tender Offer of the Auction Rate Securities issued by the 2004 Trust together with accrued interest, (ii) fund the redemption at par of the portion of the remaining Auction Rate Securities issued by the Corporation's 2004 Trust together with accrued interest, (iii) fund the Collection Fund, (iv) fund the Debt Service Reserve Fund, (v) fund the Operating Fund, (vi) fund the Department Reserve fund and (vii) pay costs of issuance.

Principal and interest payments for the 2015-A Series bonds are paid on each Distribution Date (the twenty-fifth day of each month, or the next business day if such day is not a business day) beginning January 25, 2016. 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, 2017 was $161,071,170.

Projected debt service:

As of June 30, 2017, the scheduled debt service to retire the bonds and notes of the Corporation is as follows:

	Principal	Interest	Total
2018	$ 104,477,000	$ 32,085,039	$ 136,562,039
2019	29,654,000	30,826,700	60,480,700
2020	61,587,902	30,442,853	92,030,755
2021	-	29,746,737	29,746,737
2022	-	29,746,737	29,746,737
2023	-	29,746,737	29,746,737
2024	-	29,746,737	29,746,737
2025	81,485,739	28,834,106	110,319,845
2026	257,135,496	25,612,357	282,747,853
2027	-	24,643,572	24,643,572
2028	-	24,643,572	24,643,572
2029	-	24,643,572	24,643,572
2030	328,000,000	24,643,572	352,643,572
2031	-	19,700,474	19,700,474
2032	-	19,700,474	19,700,474
2033	100,500,000	19,321,829	119,821,829
2034	-	18,185,896	18,185,896
2035	-	18,185,896	18,185,896
2036	234,071,170	14,841,702	248,912,872
2037	157,449,736	8,386,955	165,836,691
2038	-	7,430,690	7,430,690
2039	-	7,430,690	7,430,690
2040	-	7,430,690	7,430,690
2041	164,354,844	4,496,989	168,851,833
	$ 1,518,715,887	$ 510,474,576	$ 2,029,190,463

Note 7. Bonds Payable, Continued

The weighted average interest rate used for future interest payment projections was 1.482%. This estimate is inherently subjective and the rate may change significantly in the future.

As outlined in the 2008-1 General Resolution, the 2010-1 General Resolution, the 2013-1 General Resolution and the 2015-1 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 loans receivable. At June 30, 2017, the Corporation estimated they would make optional redemption or principal distribution payments for the next fiscal year in the amount of approximately $159,000,000.

Note 8. Notes Payable - Finance Loans

Each bond resolution of the Authority requires that all funds advanced to the Corporation by the Authority for the purpose of making student loans be evidenced by a loan agreement, assignment of collateral and assignment of revenues between the two parties, with the student loans providing security to the bond trustee. Advances to the Corporation from the Authority's 2009 PAL General Resolution are made pursuant to a loan agreement dated October 29, 2009. Since the bonds for the 2009 PAL General Resolution 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. During October 2013, the Corporation contributed $6,717,492 of PAL Program loans from its unrestricted portfolio to the 2009 PAL General Resolution. The net asset balance was ($1,622,759) at June 30, 2017. The finance loan balance as of June 30, 2017 was $42,401,774.

Note 9. Special Allowance Income or Expense

Special allowance was instituted to ensure 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, 2017, the Corporation remitted $31,930,385 of interest income in excess of the special allowance support level to the USDE.

Note 10. Employee Benefit Plans

Effective August 1, 2015, the Corporation changed the trustee for its benefit plans from BB&T or TIAA CREF to USI Consulting Group Inc. This change included the South Carolina Student Loan Corporation Money Purchase Pension Plan, the South Carolina Student Loan Corporation Defined Benefit Plan, the South Carolina Student Loan Corporation 403(b) Defined Contribution Plan, the South Carolina Student Loan Corporation Tax Deferred Annuity Group Supplemental Retirement Annuity and the South Carolina Student Loan Corporation 457(b) Deferred Compensation Plan. However, any contributions to the South Carolina Student Loan Corporation Tax Deferred Annuity ("TDA") Group Supplemental Retirement Annuity ("GSRA") prior to July 1, 2015 remain in that plan with the prior trustee, TIAA CREF, until paid out to the participant under the terms of a release or transferred to another qualified plan as directed by the participant and allowed by the annuity terms.

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. 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 annually. A participant is 20% vested after two years of 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 during the year following the plan year in which the forfeiture occurs. Contributions within the plan are employee self-directed. The total retirement expense for the fiscal year ended June 30, 2017 was $235,977 of which the Authority reimbursed $71,066, and is fully funded. The MPPP experienced a partial termination on August 18, 2016 due to the reduction in workforce at the Corporation. Therefore, all contributions to the MPPP were immediately 100% vested for affected employees.

403(b) Defined Contribution Plan:

Effective July 1, 2015, the Corporation consolidated the South Carolina Student Loan Corporation 403(b) Defined Contribution Plan and the South Carolina Student Loan Corporation TDA GSRA into a single plan known as the South Carolina Student Loan Corporation 403(b) Defined Contribution Plan ("403(b) DC Plan"). The 403(b) DC Plan continues to offer the same provisions as the previous separate plans, but is now administered under one plan for both the non-elective and pre-tax deferral contribution types.

Prior to the consolidation, the South Carolina Student Loan Corporation 403(b) Defined Contribution Plan, as established on November 5, 2002 and subsequently amended on January 1, 2009, provided for the non-elective type of contribution. The 403(b) DC Plan continues to provide for a 5% contribution based on the participant's total annual compensation. The total amount contributed under the plan was $165,303 during the fiscal year ended June 30, 2017 of which the Authority reimbursed $55,098 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 immediately with investment of the contributions within the plan being employee self-directed (see Note 18).

Note 10. Employee Benefit Plans, Continued

403(b) Defined Contribution Plan (continued):

Established on January 1, 1995 and subsequently amended on January 1, 2009, the South Carolina Student Loan Corporation TDA GSRA provided the pre-tax deferral (elective) type of contribution. As a part of the 403(b) DC Plan beginning July 1, 2015, employees continue to be eligible to participate in the elective portion of the 403(b) DC Plan 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 DBP covers substantially all employees with a minimum of one year of service and 21 years of age. The DBP provides benefits based on the average of a participant's highest five consecutive years of pay. The benefit formula uses one percent of this average pay times years of service not to exceed thirty (30) years. The Corporation pension funding policy is to make at least the minimum annual contribution that is actuarially computed by the projected unit credit method required by this plan. The following sets forth the benefit obligation, the fair value of plan assets, and the funded status of the Corporation's plan, as well as the amounts recognized in the Corporation's consolidated financial statements at June 30, 2017:

Change in projected benefit obligation:	
Projected benefit obligation at June 30, 2016	$ 18,044,416
Service cost	526,872
Interest cost	634,560
Actuarial (gain) loss	(609,480)
Benefits paid	(566,459)
Curtailments	(522,660)
Projected benefit obligation at June 30, 2017	$ 17,507,249
Change in fair value of plan assets:	
Fair value of plan assets at June 30, 2016	$ 15,515,477
Actual return on assets	2,881,298
Employer contributions	600,000
Benefits paid	(566,459)
Fair value of plan assets at June 30, 2017	$ 18,430,316

Note 10. Employee Benefit Plans, Continued

Defined Benefit Pension Plan (continued):

Funded status	$ 923,067
Amounts recognized in the Consolidated Statement of Financial Position:	
Noncurrent assets	$ 923,067
Amounts recognized in the Consolidated Statement of Activities:	
Net (gain) loss	$ 2,784,326

The following are weighted average assumptions used to determine benefits, obligations and net periodic benefit cost as of June 30, 2017 and 2016. The measurement date of the projected benefits obligation and plan assets was June 30, 2017.

	2017	2016
Assumptions used		
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.83%	3.58%
Rate of compensation increase	4.00%	4.00%
Weighted-average assumptions used to determine net periodic benefit cost		
Discount rate	3.58%	4.35%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%

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

Note 10. Employee Benefit Plans, Continued

Defined Benefit Pension Plan (continued):

Components of net periodic benefit cost and employee benefit-related changes other than net periodic pension cost for the year ended June 30, 2017 are as follows:

Net periodic benefit cost		
Service cost	$	526,872
Interest cost		634,560
Expected return on plan assets		(1,084,735)
Amortization of accumulated gain (loss)		831,614
Net periodic benefit cost		908,311
Administrative expenses		148,307
Net periodic benefit cost	$	1,056,618
Employee benefit - related changes other than net periodic pension cost		
Net gain (loss)	$	(2,928,703)
Amortization of loss		(831,614)
Employee benefit - related changes other than net periodic benefit cost	$	(3,760,317)
Total net periodic benefit cost and employee benefit - related changes other than net periodic benefit cost	$	(2,703,699)

The net pension (gain) expense for the DBP totaled ($2,852,006) plus $148,307 of administrative expenses, totaling ($2,703,699) for the year ended June 30, 2017. The Corporation recorded an expense of $131,388 and the Authority recorded an expense of $16,919 for this plan for its employees for the fiscal year ended June 30, 2017. No participant contributions are permitted by the plan.

The estimated net loss and prior service cost for the DBP that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $168,389 and $0, respectively. The accumulated benefit obligation for the DBP was $16,736,554 at June 30, 2017.

The DBP experienced a partial termination on August 18, 2016 due to the reduction in workforce at the Corporation. Therefore, all contributions to the DBP were immediately 100% vested for affected employees.

Note 10. Employee Benefit Plans, Continued

Defined Benefit Pension Plan (continued):

DBP's plan assets include life insurance policies and mutual funds. See target asset allocation below.

The Corporation's target asset allocation as of June 30, 2017, by asset category, is as follows:

Money market	1.92%
Debt securities	33.60%
Equity securities	60.04%
Insurance policies	4.44%
	100.00%

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

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

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

The Corporation expects to contribute approximately $330,000 to its DBP during fiscal year 2018.

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

2018	$ 695,751
2019	729,843
2020	777,128
2021	805,603
2022	860,476
2023 - 2027	5,071,342

Note 11. Rental Property, Operating Leases and Commitments

The Corporation owns and conducts its business from an office building in the northeast area of Columbia, South Carolina. The entire building is utilized by the Corporation. Certain lease expense is charged to the Authority based on space occupied in the building. In addition, the Corporation leases computer software and mail room equipment for terms of 36 to 60 month periods. Required minimum lease payments are $16,368 for the fiscal year ending June 30, 2018.

Note 11. Rental Property, Operating Leases and Commitments, Continued

In conjunction with the June 11, 2015 HPS, Inc. agreement with ELS and the expiration of the lease agreement for office space in Winston Salem, North Carolina, the Corporation's CP subsidiary moved its physical presence to the Corporation's headquarters in Columbia, South Carolina during the fall of 2015. Therefore, there are no future minimum lease payments for CP related to office space. Also, in conjunction with the July 15, 2016 HPS, LLC agreement with ELS, all contracts with vendors either were assigned to HPS, LLC or terminated (see Note 4). There are no operating lease arrangements for ELS as of June 30, 2017.

Non-Recourse Sale Agreements - CP entered into three (3) non-recourse sale agreements during 2008. The sale agreements were consummated to transfer all rights, title and interest in private student loans retained on CP's balance sheet in early 2008, and contained customary representations and warranties with respect to the condition of the private student loans as of the sale dates. As of June 30, 2017, CP does not have any repurchase obligations with respect to breaches of the customary representations and warranties contained in these sale agreements, and views the probability of any future repurchase obligations as remote.

Note 12. Assets Released from Restrictions

Net assets during the year ended June 30, 2017, were released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of other events specified as follows:

Interest on debt	32,661,481
Payments to South Carolina State Education Assistance Authority for student loan income	2,653,929
Loan fees	7,213,669
Reinsurance expense	865,789
Borrowers incentives	5,244,625
Broker dealer fees	292,915
Loan loss expense	8,480,560
Total expenses	57,412,968
Transfer from taxable bonds/financings for loan servicing	10,718,413
Total	$ 68,131,381

Note 13. Disclosures About Fair Value of Financial Instruments

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Cash and cash equivalents' carrying amounts approximate fair value because of the short maturity of those instruments. The fair value of the investments is based on quoted market rates or similar quoted market rates. Management believes that student loans receivable's carrying value approximates fair value based on like sale of student loans within the industry. During 2011, the Corporation sold a portion of its loans from the FFEL program at par value. Management also believes that debt instruments' carrying value 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.

	Carrying Value	Estimated Fair Value
Financial assets		
Cash and cash equivalents	$ 177,531,891	$ 177,531,891
Investments	184,685,684	184,685,684
Student loans receivable	1,744,142,821	1,744,142,821
Teacher loans receivable	30,580,876	30,580,876
Financial liabilities		
Notes payable	$ 42,401,774	$ 42,401,774
Bonds payable	1,491,411,131	1,491,411,131

Note 13. Disclosures About Fair Value of Financial Instruments, Continued

	June 30, 2017	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 177,531,891	$ 177,531,891	$ -	$ -
Money market /				
uninsured deposits	112,650,478	112,650,478	-	-
Private investment	1,500,000	1,500,000	-	-
Mutual funds	7,740,310	7,740,310	-	-
Corporate bonds	62,794,896	-	62,794,896	-
Student loans receivable	1,744,142,821	-	1,744,142,821	-
Teacher loans receivable	30,580,876	-	30,580,876	-
Total financial assets	$ 2,136,941,272	$ 299,422,679	$ 1,837,518,593	$ -
Financial liabilities				
Notes payable	$ 42,401,774	$ -	$ 42,401,774	$ -
Bonds payable	1,491,411,131	-	1,491,411,131	-
Total financial liabilities	$ 1,533,812,905	$ -	$ 1,533,812,905	$ -

Note 14. Reclassifications

Certain reclassifications of fiscal year 2016 amounts were made on the Consolidated Statement of Financial Position and the Consolidated Statement of Activities for comparability to fiscal year 2017 with no effect on the change in net assets or total net assets, other than the prior period adjustment described in Note 16, which changed net assets.

Note 15. Board Designated Net Assets

During fiscal year 2006, the Board designated funds to establish the Mackie Scholarship Fund to award scholarships to employees or family members of employees. As of June 30, 2017, $100,000 is available for future scholarships.

Note 16. Accounting Change

As described in Note 1, during the fiscal year ended June 30, 2017, the Appropriations Act authorized the State Treasurer to transfer $16,000,000 from Fund 41L1 to the State's Department of Education to be used for the School Districts Capital Improvement Plan as set forth in the same Appropriations Act. In light of this new legislation by the State, the Corporation made the decision to change its accounting policy for the TLP to properly reflect the new fiduciary nature of the TLP in its consolidated financial statements. As a result of this change in accounting policy, the Corporation reclassified the TLP's net assets to a payable due to the State. All revenues and expenses are recognized directly to this liability instead of being reported on the consolidated Statement of Activities. In order to implement this change in accounting policy, the TLP's beginning net assets as of July 1, 2015 were restated by $52,294,824. Likewise, the TLP's changes in net assets of $1,286,118 for the fiscal year ended June 30, 2016 were reclassified as an increase to the payable due to the State. The following is a summary of the financial statement line items from the Corporation's consolidated financial statements as of and for the fiscal years ended June 30, 2016 and 2015 that were restated:

	As of June 30, 2016		
	As Previously Reported	Adjustment	As Restated
Liabilities			
Payable to the State	$ -	$ 53,580,942	$ 53,580,942
Total noncurrent liabilities	1,565,891,672	53,580,942	1,619,472,614
Total liabilities	1,873,681,722	53,580,942	1,927,262,664
Revenues			
Student loan interest - subsidized	8,542,550	(84)	8,542,466
Student loan interest - unsubsidized	107,638,808	(2,753,079)	104,885,729
Investment income	1,748,404	(204,089)	1,544,315
Late charges	2,093,380	(52,662)	2,040,718
Miscellaneous payments of student loans	(12,093)	150	(11,943)
State appropriations – Department of Education	5,901,721	(5,901,721)	-
Other	5,137,335	180,103	5,317,438
Total revenues	121,793,840	(8,731,382)	113,062,458
Expenses			
Personnel	10,740,120	(232,695)	10,507,425
Contractual services	1,558,762	(37,665)	1,521,097
General operating	5,947,871	(49,090)	5,898,781
TLP cancellations	5,766,785	(5,766,785)	-
Borrower incentives	5,559,353	(19,517)	5,539,836
Recall of funds	1,339,512	(1,339,512)	-
Total expenses	78,074,177	(7,445,264)	70,628,913
Net assets			
Changes in net assets	43,719,663	(1,286,118)	42,433,545
Total temporarily restricted net assets	256,969,845	(53,580,942)	203,388,903
Total beginning net assets	539,162,301	(52,294,824)	486,867,477
Total ending net assets	582,881,964	(53,580,942)	529,301,022

Note 16. Prior Period Adjustment, Continued

	As of July 1, 2015		
	As Previously Reported	Adjustment	As Restated
Liabilities			
Payable to the State	$ -	$ 52,294,824	$ 52,294,824
Total noncurrent liabilities	1,884,336,382	52,294,824	1,936,631,206
Total liabilities	2,230,226,712	52,294,824	2,282,521,536
Net Assets			
Changes in net assets	21,760,983	(4,720,732)	17,040,251
Total temporary restricted net assets	185,883,701	(52,294,824)	133,588,877
Total ending net assets	539,162,301	(52,294,824)	486,867,477

Note 17. Teacher Loan Program Fiscal Year 2017 Activity

As discussed in Note 1 and Note 16, the Corporation is the administrator for the TLP. For the fiscal year ended June 30, 2017, the Corporation received $6,132,264 in appropriations from the State Department of Education for the purpose of issuing new teacher loans. Loans are cancelled 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 as set forth in the South Carolina Code of Laws. These loans are repaid by the borrower in the event the borrower does not teach in a critical subject and/or location.

For the fiscal year ended June 30, 2017, the TLP cancelled $4,122,899 of teacher loans. The activities of the TLP are summarized below:

Revenues:	
Unsubsidized student loan interest	$ 2,782,884
Late charges	30,413
Miscellaneous payments of student loans	(88)
State appropriations - Department of Education	6,132,264
Investment income	281,890
Unrealized gain on investments	58,549
	9,285,912
Expenses:	
Personnel	234,300
Contractual services	35,400
General operating	56,760
Borrower incentives	14,911
TLP cancellations	4,122,899
	4,464,270
Additions to payable to the State	4,821,642
Payable to the State, beginning	53,580,942
Payable to the State, ending	$ 58,402,584

Note 18. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Non-recognized subsequent events are events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. In preparing these financial statements, management has evaluated events and transactions for potential recognition and disclosure through September 29, 2017, the date these financial statements were available to be issued.

As a result of the reduction of economies of scale to service loans internally, during the fiscal year ended June 30, 2017, the Corporation entered into agreements with third-party servicers and transitioned the federal and private loans to these sub-servicers. Loans outstanding for the TLP are scheduled to transition to a sub-servicer during the fiscal year ending June 30, 2018.

Since its inception during September 2015, SC3 has operated as a call and customer contact center with a client base within the healthcare industry. After careful consideration, the Corporation decided to discontinue this service line at this time. SC3 is scheduled to no longer provide this contact center activity after October 6, 2017.

During the fiscal year ended June 30, 2017, the level of services provided by the Corporation to the Authority were reduced due to the termination of the guaranty agreement between the Authority and USDE, the transfer of the guaranty agency function to ECMC on December 1, 2016 and the completion of subsequent reporting to the USDE which closed the guaranty function of the Authority with the USDE. Prospectively, the Corporation will perform specified services for the Authority on a contractual basis with mutually agreed-upon terms.

As discussed in Note 1, a liability to the State Department of Education for $16,000,000 was established during June 2017 to reflect funds appropriated from the Teacher Loan Fund for use in another State fund. Transfer of the funds by the State Treasurer was authorized effective July 1, 2017. The $16,000,000 was transferred from Fund 41L1 by the State Treasurer on August 8, 2017.

On May 5, 2017, a resolution was adopted by the Corporation's Board of Directors to amend the 403(b) DC Plan changing the fixed 5% employer non-elective contribution to a discretionary employer contribution effective July 1, 2017. Also on May 5, 2017, an additional resolution was adopted by the Corporation's Board of Directors defining the discretionary non-elective contribution for the 403(b) DC Plan in the amount of $0 or 0% of each participant's compensation until modified by resolution of the Corporation's Board of Directors. This resolution was also effective July 1, 2017.

Since fiscal year 2015, the Corporation administered the Default Prevention Program for the State of South Carolina as authorized by the SFAA. This program provided services for South Carolina colleges and universities to assist in the reduction of defaults on loans for their students. During June 2017, the State Treasurer notified the Corporation that the fiscal year 2018 budget submitted for the Default Prevention Program was disapproved. Therefore, services for this program have ceased at this time resulting in a reduction in work force at the Corporation.

South Carolina Student Loan Corporation
Consolidated Schedule of Financial Position By Fund - Unrestricted
June 30, 2017

	Operating/SLC	Campus Partners	PIHI	SC3	Eliminations	Total
Assets						
Current assets						
Cash and cash equivalents	$ 47,612,168	$ 1,073,280	$ 13,163	$ 67,251	$ -	$ 48,765,862
Investments	185,925,684	-	(540,000)	(700,000)	-	184,685,684
Current portion of student loans receivable	7,971,073	-	-	-	-	7,971,073
Interest due from borrowers	654,545	-	-	-	-	654,545
Accounts receivable	920,000	-	-	66,000	(920,000)	66,000
Due from subsidiaries	45,555	-	(45,555)	-	-	-
Due from United States Department of Education	41,346	-	-	-	-	41,346
Due from servicers	37,911	-	-	-	-	37,911
Due from South Carolina State Education Assistance Authority	118,273	-	-	-	-	118,273
Accrued investment income	40,870	-	-	-	-	40,870
Prepaid expenses	127,206	-	-	-	-	127,206
Due from other funds	539,575	-	-	-	-	539,575
Total current assets	244,034,206	1,073,280	(572,392)	(566,749)	(920,000)	243,048,345
Long-term receivables and other assets						
Student loans receivable, less current portion and net of allowance for loan loss	69,461,887	-	-	-	-	69,461,887
Overfunded defined benefit plan	923,067	-	-	-	-	923,067
Due from other funds	20,942,464	-	-	-	-	20,942,464
Total long-term receivables and other assets	91,327,418	-	-	-	-	91,327,418
Property and equipment						
Land	364,900	-	-	-	-	364,900
Building	4,358,670	-	-	-	-	4,358,670
Furniture and equipment	2,653,124	-	-	-	-	2,653,124
Automobiles	113,046	-	-	-	-	113,046
Less accumulated depreciation	(2,944,931)	-	-	-	-	(2,944,931)
Net property and equipment	4,544,809	-	-	-	-	4,544,809
Total assets	$ 339,906,433	$ 1,073,280	$ (572,392)	$ (566,749)	$ (920,000)	$ 338,920,572
Liabilities and Net Assets						
Current liabilities						
Current portion of notes payable - finance loans	$ -	$ 920,000	$ -	$ -	$ (920,000)	$ -
Accounts payable	1,814,630	-	-	-	-	1,814,630
Unearned revenue	332,193	-	-	-	-	332,193
Customer refunds payable	122,974	-	-	-	-	122,974
Defined contribution plan obligation	165,303	-	-	-	-	165,303
Compensated absences	1,447,934	-	-	-	-	1,447,934
Due to South Carolina Education Assistance Authority	37	-	-	-	-	37
Due to United States Department of Education	34,254	-	(45,555)	45,555	-	34,254
Total current liabilities	3,917,325	920,000	(45,555)	45,555	(920,000)	3,917,325
Total liabilities	3,917,325	920,000	(45,555)	45,555	(920,000)	3,917,325
Net assets						
Board designated for scholarships	100,000	-	-	-	-	100,000
Unrestricted	335,889,108	153,280	(526,837)	(612,304)	-	334,903,247
Total net assets	335,989,108	153,280	(526,837)	(612,304)	-	335,003,247
Total liabilities and net assets	$ 339,906,433	$ 1,073,280	$ (572,392)	$ (566,749)	$ (920,000)	$ 338,920,572

South Carolina Student Loan Corporation
Consolidated Schedule of Financial Position by Fund - Temporarily Restricted
June 30, 2017

	Teacher Loans	96 Resolution	04 Resolution	08 Resolution	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	2015 Resolution	Total Temporarily Restricted
Assets									
Current assets									
Cash and cash equivalents	$ 25,299,520	$ 59,731,656	$ -	$ 8,005,632	$ 26,042,207	$ 5,914,087	$ 34,627	$ 3,738,300	$ 128,766,029
Current portion of student loans receivable	-	93,209,036	-	33,892,535	64,264,337	30,676,923	5,027,638	20,363,697	247,434,166
Current portion of teacher loans receivable	2,255,319	-	-	-	-	-	-	-	2,255,319
Interest due from borrowers	3,311,429	9,992,394	-	3,578,967	9,698,958	4,918,331	351,680	1,739,239	33,590,998
Due from servicers	-	671,252	-	384,346	1,098,590	366,572	-	85,269	2,606,029
Due from South Carolina State Education Assistance Authority	180,993	(27)	-	-	-	-	496,148	2,513	679,627
Accrued investment income	-	16,542	-	8,205	14,373	3,698	-	-	42,818
Prepaid expenses	-	6,695	-	12,706	22,680	22,340	-	11,872	76,293
Due from (to) other funds	394	37,570	-	(71,627)	(233,922)	(94,632)	31	(177,389)	(539,575)
Total current assets	31,047,655	163,665,118	-	45,810,764	100,907,223	41,807,319	5,910,124	25,763,501	414,911,704
Long-term receivables and other assets									
Student loans receivable, less current portion and net of allowance for loan loss	-	534,797,154	-	157,112,250	367,592,187	141,484,787	35,565,897	182,723,420	1,419,275,695
Teacher loans receivable, net of allowance for loan cancellations	28,325,557	-	-	-	-	-	-	-	28,325,557
Due to other funds	-	-	-	-	(20,942,464)	-	-	-	(20,942,464)
Total long-term receivables and other assets	28,325,557	534,797,154	-	157,112,250	346,649,723	141,484,787	35,565,897	182,723,420	1,426,658,788
Total assets	$ 59,373,212	$ 698,462,272	$ -	$ 202,923,014	$ 447,556,946	$ 183,292,106	$ 41,476,021	$ 208,486,921	$ 1,841,570,492
Liabilities and Net Assets									
Current liabilities									
Current portion of notes payable - finance loans	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,027,638	$ -	$ 5,027,638
Current maturities of bonds payable	-	104,477,000	-	36,514,261	67,550,264	31,490,020	-	23,131,891	263,163,436
Interest payable	-	968,648	-	257,290	1,684,654	47,006	-	72,915	3,030,513
Unearned revenue	-	-	-	-	-	-	697,006	-	697,006
Teacher loan liability	970,628	-	-	-	-	-	-	-	970,628
Current portion of payable to the State	16,000,000	-	-	-	-	-	-	-	16,000,000
Due to United States Department of Education	-	1,136,904	-	520,259	2,281,749	1,304,550	-	97,314	5,340,776
Total current liabilities	16,970,628	106,582,552	-	37,291,810	71,516,667	32,841,576	5,724,644	23,302,120	294,229,997
Noncurrent liabilities									
Notes payable - finance loans, less current maturities	-	-	-	-	-	-	37,374,136	-	37,374,136
Bonds payable, less current maturities	-	524,541,819	-	106,559,380	342,898,012	131,425,724	-	122,822,760	1,228,247,695
Payable to the State, less current portion	42,402,584	-	-	-	-	-	-	-	42,402,584
Due to South Carolina State Education Assistance Authority	-	-	-	-	39,835,008	-	-	-	39,835,008
Total noncurrent liabilities	42,402,584	524,541,819	-	106,559,380	382,733,020	131,425,724	37,374,136	122,822,760	1,347,859,423
Total liabilities	59,373,212	631,124,371	-	143,851,190	454,249,687	164,267,300	43,098,780	146,124,880	1,642,089,420
Net assets									
Temporarily restricted for bond indentures current debt service	-	10,150,294	-	-	-	-	-	-	10,150,294
Temporarily restricted for bond indentures	-	57,187,607	-	59,071,824	(6,692,741)	19,024,806	(1,622,759)	62,362,041	189,330,778
Total net assets	-	67,337,901	-	59,071,824	(6,692,741)	19,024,806	(1,622,759)	62,362,041	199,481,072
Total liabilities and net assets	$ 59,373,212	$ 698,462,272	$ -	$ 202,923,014	$ 447,556,946	$ 183,292,106	$ 41,476,021	$ 208,486,921	$ 1,841,570,492

South Carolina Student Loan Corporation

Consolidated Schedule of Activities By Fund - Unrestricted

For the year ended June 30, 2017

	Operating/SLC	Campus Partners	PIHI	SC3	Eliminations	Total
Revenues						
Income from United States Department of Education						
Student loan interest - subsidized	$ 15,222	$ -	$ -	$ -	$ -	$ 15,222
Special allowances	(109,108)	-	-	-	-	(109,108)
Student loan interest - unsubsidized	4,735,703	-	-	-	-	4,735,703
Investment income	1,770,451	-	-	-	-	1,770,451
Unrealized gain on investments	1,273,182	-	-	-	-	1,273,182
Late charges	58,744	-	-	-	-	58,744
Miscellaneous payments of student loans	33	-	-	-	-	33
Remittance from South Carolina State Education Assistance Authority for operating cost	474,027	-	-	-	-	474,027
Other	1,181,184	724,165	-	409,247	-	2,314,596
Total revenues	9,399,438	724,165	-	409,247	-	10,532,850
Expenses						
Personnel	2,421,039	-	-	671,444	-	3,092,483
Contractual services	4,864,256	7,172	-	15,302	-	4,886,730
General operating	1,395,453	5,106	26,837	75,381	-	1,502,777
Loan fees	33,904	-	-	-	-	33,904
Reinsurance expense	3,987	-	-	-	-	3,987
Borrower incentives	32,336	-	-	-	-	32,336
Building expense	259,439	-	-	-	-	259,439
Loan loss expense	2,348,479	-	-	-	-	2,348,479
Total expenses	11,358,893	12,278	26,837	762,127	-	12,160,135
Transfers between accounts						
Transfers in	41,671,930	-	-	-	-	41,671,930
Transfers out	(30,953,517)	-	-	-	-	(30,953,517)
Total transfers between accounts	10,718,413	-	-	-	-	10,718,413
Changes in net assets	8,758,958	711,887	(26,837)	(352,880)	-	9,091,128
Net assets						
Beginning	327,230,150	(558,607)	(500,000)	(259,424)	-	325,912,119
Ending	$ 335,989,108	$ 153,280	$ (526,837)	$ (612,304)	$ -	$ 335,003,247

South Carolina Student Loan Corporation

Consolidated Schedule of Activities by Fund - Temporarily Restricted

For the year ended June 30, 2017

	Teacher Loans	96 Resolution	04 Resolution	08 Resolution	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	2015 Resolution	Total
Revenues									
Income from United States Department of Education									
Student loan interest - subsidized	$ -	$ 1,746,052	$ -	$ 827,931	$ 2,127,573	$ 863,653	$ 33,764	$ 161,245	$ 5,760,218
Special allowances	-	(6,851,209)	-	(3,931,144)	(13,069,057)	(7,148,321)	(137,351)	(684,195)	(31,821,277)
Student loan interest - unsubsidized	-	30,850,656	-	9,167,775	25,316,693	11,177,121	2,892,801	8,942,895	88,347,941
Investment income	-	405,269	-	84,230	94,290	24,870	-	16,513	625,172
Late charges	-	412,178	-	217,299	347,207	158,028	39,310	130,581	1,304,603
Miscellaneous payments of student loans	-	2,250	-	1,008	2,166	1,410	16	43	6,893
Total revenues	-	26,565,196	-	6,367,099	14,818,872	5,076,761	2,828,540	8,567,082	64,223,550
Expenses									
Interest on debt	-	11,581,590	-	3,039,872	10,155,894	2,288,998	-	5,595,127	32,661,481
Payments to South Carolina State Education Assistance Authority for student loan income	-	-	-	-	-	-	2,653,929	-	2,653,929
Loan fees	-	5,054,948	-	-	1,888,884	68,058	-	201,779	7,213,669
Reinsurance expense	-	322,056	-	89,972	186,550	206,682	8,119	52,410	865,789
Borrower incentives	-	2,872,794	-	376,905	1,650,766	1,271	123,658	219,231	5,244,625
Broker dealer fees	-	105,318	-	36,021	66,450	41,366	-	43,760	292,915
Loan loss expense	-	-	-	-	-	-	1,583,413	6,897,147	8,480,560
Total expenses	-	19,936,706	-	3,542,770	13,948,544	2,606,375	4,369,119	13,009,454	57,412,968
Transfers between accounts									
Transfers in	-	281,300	-	2,848	105,810	-	-	-	389,958
Transfers out	-	(3,712,483)	-	(930,520)	(3,007,737)	(1,221,463)	-	(2,236,168)	(11,108,371)
Total transfers between accounts	-	(3,431,183)	-	(927,672)	(2,901,927)	(1,221,463)	-	(2,236,168)	(10,718,413)
Changes in net assets	-	3,197,307	-	1,896,657	(2,031,599)	1,248,923	(1,540,579)	(6,678,540)	(3,907,831)
Net assets									
Beginning	-	64,140,594	-	57,175,167	(4,661,142)	17,775,883	(82,180)	69,040,581	203,388,903
Ending	$ -	$ 67,337,901	$ -	$ 59,071,824	$ (6,692,741)	$ 19,024,806	$ (1,622,759)	$ 62,362,041	$ 199,481,072

South Carolina Student Loan Corporation

Consolidated Schedule of Cash Flows By Fund - Unrestricted

For the year ended June 30, 2017

	Operating/SLC	Campus Partners	PIHI	SC3	Total
Cash flows from operating activities					
Changes in net assets	$ 8,758,958	$ 711,887	$ (26,837)	$ (352,880)	$ 9,091,128
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Depreciation	414,101	-	-	-	414,101
Unrealized gain on investments	(1,273,182)	-	-	-	(1,273,182)
Amortization of bond discounts	-	-	-	-	-
Loan loss expense	2,348,479	-	-	-	2,348,479
Changes in operating assets and liabilities:					
Decrease in due from South Carolina State Education Assistance Authority	1,445,231	-	-	-	1,445,231
Increase in interest due from borrowers	(208,277)	-	-	-	(208,277)
(Increase) decrease in accounts receivable	-	41,462	-	(38,000)	3,462
Increase in due from United States Department of Education	(21,695)	-	-	-	(21,695)
Increase in due from servicers	(37,911)	-	-	-	(37,911)
Decrease in accrued investment income	56,411	-	-	-	56,411
(Increase) decrease in due from subsidiaries	10,774	-	(10,774)	-	-
Decrease in prepaid expenses	102,243	24,499	-	-	126,742
Increase in overfunded defined benefit plan	(923,067)	-	-	-	(923,067)
Decrease in due from other funds	113,782	-	-	-	113,782
Increase in interest payable	-	-	-	-	-
Increase in accounts payable	207,534	(34,692)	-	-	172,842
Decrease in unearned revenue	(54,306)	-	-	-	(54,306)
Decrease in defined contribution plan obligation	(2,421)	-	-	-	(2,421)
Decrease in defined benefit plan obligation	(2,651,914)	-	-	-	(2,651,914)
Decrease in compensated absences	(531,578)	-	-	-	(531,578)
Decrease in customer refunds payable	122,975	-	-	-	122,975
Increase (decrease) in due to United States Department of Education	20,100	-	10,774	(10,774)	20,100
Increase in due to South Carolina Education Assistance Authority	37	-	-	-	37
Net cash provided by (used for) operating activities	7,896,274	743,156	(26,837)	(401,654)	8,210,939
Cash flows from investing activities					
Purchases of property and equipment	(104,224)	-	-	-	(104,224)
Changes in student loans receivable, net	(10,232,603)	-	-	-	(10,232,603)
Net proceeds from (purchases of) investments	(2,148,849)	-	40,000	400,000	(1,708,849)
Net cash provided by (used for) investing activities	(12,485,676)	-	40,000	400,000	(12,045,676)
Net increase (decrease) in cash and cash equivalents	(4,589,402)	743,156	13,163	(1,654)	(3,834,737)
Cash and cash equivalents					
Beginning	52,201,570	330,124	-	68,905	52,600,599
Ending	$ 47,612,168	$ 1,073,280	$ 13,163	$ 67,251	$ 48,765,862
Supplemental disclosure of cash flow information					
Cash payments for interest	$ -	$ -	$ -	$ -	$ -
Disposal of fully depreciated property and equipment	$ -	$ -	$ -	$ -	$ -

South Carolina Student Loan Corporation

Consolidated Schedule of Cash Flows By Fund - Temporarily Restricted

For the year ended June 30, 2017

	Teacher Loans	96 Resolution	04 Resolution	08 Resolution	2010-1 Resolution	2013-1 Resolution	Tax Exempt 09 PAL Resolution	2015 Resolution	Total
Cash flows from operating activities									
Changes in net assets	$ -	$ 3,197,307	$ -	$ 1,896,657	$ (2,031,599)	$ 1,248,923	$ (1,540,579)	$ (6,678,540)	$ (3,907,831)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:									
Amortization of bond discounts	-	1,050,307	-	-	914,086	-	-	-	1,964,393
Loan loss expense	-	-	-	-	-	-	1,583,413	6,897,147	8,480,560
Changes in operating assets and liabilities:									
Decrease in due from South Carolina State Education Assistance Authority	13,084	1,143,616	-	615,546	1,035,227	624,049	79,456	154,066	3,665,044
(Increase) decrease in interest due from borrowers	(491,943)	515,436	-	218,257	549,588	530,114	31,807	384,237	1,737,496
(Increase) decrease in due from servicers	-	(671,252)	-	(384,346)	(1,098,590)	(366,572)	-	(85,269)	(2,606,029)
Increase in accrued investment income	-	(7,044)	-	(4,541)	(8,496)	(2,458)	-	-	(22,539)
(Increase) decrease in prepaid expenses	-	2,690	-	(5,206)	2,950	2,438	-	(410)	2,462
Decrease in due to other funds	(394)	(31,570)	-	(12,511)	(35,112)	(15,973)	-	(18,222)	(113,782)
Increase in interest payable	-	226,428	-	19,738	193,837	26,262	-	32,943	499,208
Decrease in unearned revenue	-	-	-	-	-	-	(129,138)	-	(129,138)
Decrease in teacher loan liability	(32,315)	-	-	-	-	-	-	-	(32,315)
Increase in payable to the State	4,821,642	-	-	-	-	-	-	-	4,821,642
Increase (decrease) in due to United States Department of Education	7	(852,379)	-	(386,743)	(1,018,967)	(524,742)	-	(64,376)	(2,847,200)
Net cash provided by (used for) operating activities	4,310,081	4,573,539	-	1,956,851	(1,497,076)	1,522,041	24,959	621,576	11,511,971
Cash flows from investing activities									
Changes in student loans receivable, net	-	96,147,600	-	33,362,288	66,206,474	29,139,840	6,051,917	21,000,115	251,908,234
Changes in teacher loans receivable, net	(1,421,259)	-	-	-	-	-	-	-	(1,421,259)
Net cash provided by (used for) investing activities	(1,421,259)	96,147,600	-	33,362,288	66,206,474	29,139,840	6,051,917	21,000,115	250,486,975
Cash flows from financing activities									
Changes in notes payable - finance loans, net	-	-	-	-	-	-	(6,076,876)	-	(6,076,876)
Net payments on bonds payable	-	(120,241,360)	-	(36,514,261)	(66,996,049)	(31,405,760)	-	(21,393,587)	(276,551,017)
Net cash used for financing activities	-	(120,241,360)	-	(36,514,261)	(66,996,049)	(31,405,760)	(6,076,876)	(21,393,587)	(282,627,893)
Net increase (decrease) in cash and cash equivalents	2,888,822	(19,520,221)	-	(1,195,122)	(2,286,651)	(743,879)	-	228,104	(20,628,947)
Cash and cash equivalents									
Beginning	22,410,698	79,251,877	-	9,200,754	28,328,858	6,657,966	34,627	3,510,196	149,394,976
Ending	$ 25,299,520	$ 59,731,656	$ -	$ 8,005,632	$ 26,042,207	$ 5,914,087	$ 34,627	$ 3,738,300	$ 128,766,029
Supplemental disclosure of cash flow information									
Cash payments for interest	$ -	$ 10,055,215	$ -	$ 3,020,134	$ 8,493,757	$ 2,178,497	$ -	$ -	$ 23,747,603
Disposal of fully depreciated property and equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

South Carolina Student Loan Corporation

Consolidated Schedule of Property and Equipment

For the year ended June 30, 2017

	Balance as of June 30, 2016	Additions	Disposals	Balance as of June 30, 2017
Cost				
Land	$ 364,900	$ -	$ -	$ 364,900
Total land	364,900	-	-	364,900
Building	4,358,670	-	-	4,358,670
Total buildings	4,358,670	-	-	4,358,670
Campus Partners furniture and fixtures	50,420	-	(50,420)	-
SCSLC furniture and fixtures	2,548,900	104,224	-	2,653,124
SCSLC automobiles	113,046	-	-	113,046
Cost total	7,435,936	104,224	(50,420)	7,489,740
Accumulated depreciation				
Building	508,474	111,761	-	620,235
Total buildings	508,474	111,761	-	620,235
Campus Partners furniture and fixtures	50,420	-	(50,420)	-
SCSLC furniture and fixtures	1,959,314	275,663	-	2,234,977
SCSLC automobiles	63,042	26,677	-	89,719
Accumulated depreciation total	2,581,250	414,101	(50,420)	2,944,931
Net book value	$ 4,854,686	$ (309,877)	$ -	$ 4,544,809

South Carolina Student Loan Corporation

Consolidated Schedule of Expenses

For the year ended June 30, 2017

	Operating/SLC	
	2017	**2016**
Operating expenses		
Personnel		
Staff salaries	$ 4,433,423	$ 5,459,626
Social security	250,014	348,912
Group insurance	356,265	615,162
Retirement	(2,627,410)	3,663,867
Unemployment	8,747	14,605
Total personnel	2,421,039	10,102,172
Contractual		
Loan servicing	983,913	681,901
Information technology	-	36,544
Third party servicing fees	3,280,720	-
Legal	392,704	453,650
Accounting	172,927	176,903
Skip tracing	8,442	15,058
Credit bureau	25,550	32,760
Total contractual	4,864,256	1,396,816
General operating		
Rent	(69,548)	(94,121)
Telephone	55,588	130,668
Printing	97,001	116,022
Postage	136,827	662,203
Supplies	19,062	52,722
Travel	64,262	47,284
Equipment maintenance	123,444	126,612
Subscriptions and fees	58,245	60,421
Meeting and conference expenses	134,126	102,257
Insurance - general and automotive	53,565	82,000
Outreach and awareness	236,166	13,065
Depreciation	414,101	422,989
Third party collections	29,143	130,727
Other operating expense and contingencies	43,471	57,191
Total general operating	1,395,453	1,910,040
Total operating expenses	8,680,748	13,409,028
Capital additions		
Furniture and fixtures	104,224	302,042
Total operating expenses, employee benefits - related changes and capital additions	$ 8,784,972	$ 13,711,070

South Carolina Student Loan Corporation

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Education Programs		
Federal Family Education Loan Program		
Special allowances (See Note 2 below)	84.032	See Note 2 Below
Subsidized interest	84.032	$ 5,775,440
Total U.S. Department of Education Programs (Major program)		$ 5,775,440

Notes to the Schedule of Expenditures of Federal Awards:

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The financial activity shown in this schedule reflects amounts recorded by the Corporation during the fiscal year ended June 30, 2017.

2. Special Allowances: The USDE now requires lenders to pay the USDE when lenders have negative special allowance. The Corporation paid $31,930,385 for the year ended June 30, 2017.

Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the South Carolina Student Loan Corporation (the "Corporation"), as of and for the year ended June 30, 2017, and the related notes to the consolidated financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Elliott Davis Decosimo, LLC

Columbia, South Carolina
September 29, 2017

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited South Carolina Student Loan Corporation's (the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2017. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Elliott Davis Decosimo, LLC

Columbia, South Carolina
September 29, 2017

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:

• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified?	____	Yes	X	None reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?	____	Yes	X	No
• Significant deficiency(ies) identified?	____	Yes	X	None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?	____	Yes	X	No

Identification of major federal programs:

CFDA #	Program / Cluster Name
84.032	Federal Family Education Loan Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee?	X	Yes	____	No
Section II. Financial Statement Findings	____	Yes	X	None reported
Section III. Federal Award Findings and Questioned Costs	____	Yes	X	None reported

South Carolina Student Loan Corporation

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2017

There were no findings reported for the year ended June 30, 2016.