

THE POWER OF

COLLABORATION



MCAmericas  
HOLDINGS, INC.

2013

ANNUAL REPORT

## BOARD OF **DIRECTORS**



MCAmericas  
HOLDINGS, INC.

Rodolfo Mata, *Chairman*

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Letter from the **CHAIRMAN**

It has been a watershed year for the Medical Center of the Americas (MCA).

The Board of Directors is pleased at the many milestones attained and

achievements accomplished: The first

executive director for the Biomedical Institute of the Americas has hit the ground running; the inaugural BIOMED symposium far exceeded its attendance goal and received overwhelmingly positive feedback from attendees; and the first major donations were received for what will be the region's first biomedical research park.

If you view our progress in the context of the MCA's institutional partners and their exciting developments in recruitment, programming, research, and capital assets, I am sure you will recognize that El Paso's biomedical economy is unfolding right before us. Within our lifetimes, the landscape will be completely altered as the Paso del Norte region becomes a premier center of health delivery, education and research, focusing not only on military and bi-national populations, but also on the Hispanic population, and providing information and services that will benefit all people.

It is important to acknowledge that the MCA and the goal of positioning the region as a world-class medical hub began as a vision created by a group of civic leaders in the 1990s. It is by the community's collective will that the vision is now reality as we are seeing a proliferation of health care assets and jobs in the region. While the MCA exists to advance this vision, this organization cannot move forward alone.

In the spirit of collaboration espoused by the MCA, I issue a call to action: in 2014, contribute what you can -- be it a donation of money, services, time, or goodwill. Through your generosity, you can expedite the growth of our emerging biomedical economy, and accelerate the region's journey to the forefront of health care, medical education and biomedical innovation.

Rodolfo Mata

# BOARD OF DIRECTORS



MEDICAL CENTER  
OF THE AMERICAS  
FOUNDATION

**Rodolfo Mata**, Chairman

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**Jim Volk**

## HONORARY

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El Paso County Commissioner

**Jose Rodriguez**

Texas Senator

**Naomi Gonzalez**

Texas House Representative

**Alfredo Borrego**

San Juan Neighborhood Association

**Joyce Wilson**

City of El Paso

**Larry Duncan**

El Paso Children's Hospital

**Jacob Cintron**

Las Palmas Del Sol Healthcare

**Eric Evans**

Sierra Providence Health Network

**Phillip Rivera**

Memorial Medical Center of Las Cruces

**Luis Mario Gutierrez Gutierrez**

Hospital Ángeles

## INSTITUTIONAL

**J. Manuel de la Rosa, MD**

Texas Tech University Health Sciences  
Center at El Paso

**James N. Valenti**

University Medical Center of El Paso

**Richard Adauto, III**

University of Texas at El Paso

**Michael P. Abel, MD**

William Beaumont Army Medical Center

**Vimal Chaitanya, PhD**

New Mexico State University

# PRESIDENT

## Letter from the

2013 was quite an unbelievable year that came and went fast and furiously. I still can hardly believe the amount of work we accomplished – including having raised 72% of our \$10 million capital campaign goal to build the iconic Cardwell Collaborative, El Paso's first biomedical innovation building. Ground-breaking for the facility is expected in May 2014. After six years of dreaming about this facility, it will actually start to materialize. In fact, it will be 2014 that we see the rubber really hit the road in many ways.

The building's program has evolved and improved so much from when we started that I am certain it will be a highly distinguishing asset for our emerging biomedical industry. For example, one exciting enhancement is the building's superstar resident – a tier 2 high performance computing center. It will be the only one of its caliber in or near the region and the only one for many miles outside the region that will be commercially available to innovators. For the Cardwell Collaborative, the "super computer" means a high tech conference center, an augmented reality lab, a medical bionics lab, a "physician's office of the future" lab, a computational lab, and more.

RedSky is nearing its first full year of operations with the executive team in place. RedSky will launch its impressive digital marketing strategy this year; and, our clinical trials network will start to take shape. We hope to see an Angel Fund for biomedical innovations launched by mid-year. Meanwhile, service and collaboration agreements are starting to flow into the office as people inside and outside the region recognize the human capital that the Medical Center of the Americas (MCA) has amassed, particularly Albert Di Rienzo and his RedSky team. And we anticipate a bit more recruiting, especially the start of the science and technology team and marketing staff. I have enjoyed the community's enthusiasm for the cutting edge organization we are building with RedSky, and we intend to continually surprise stakeholders with advances and announcements.

The BIOMED Symposium that surpassed our expectations in 2013 will be supercharged this year with an expected doubling of attendance and the addition of an art component to help inspire creativity, which is essential to innovation. At its core, this event is a showcase of the cutting-edge research and hard work being executed every day in the region's biomedical community.

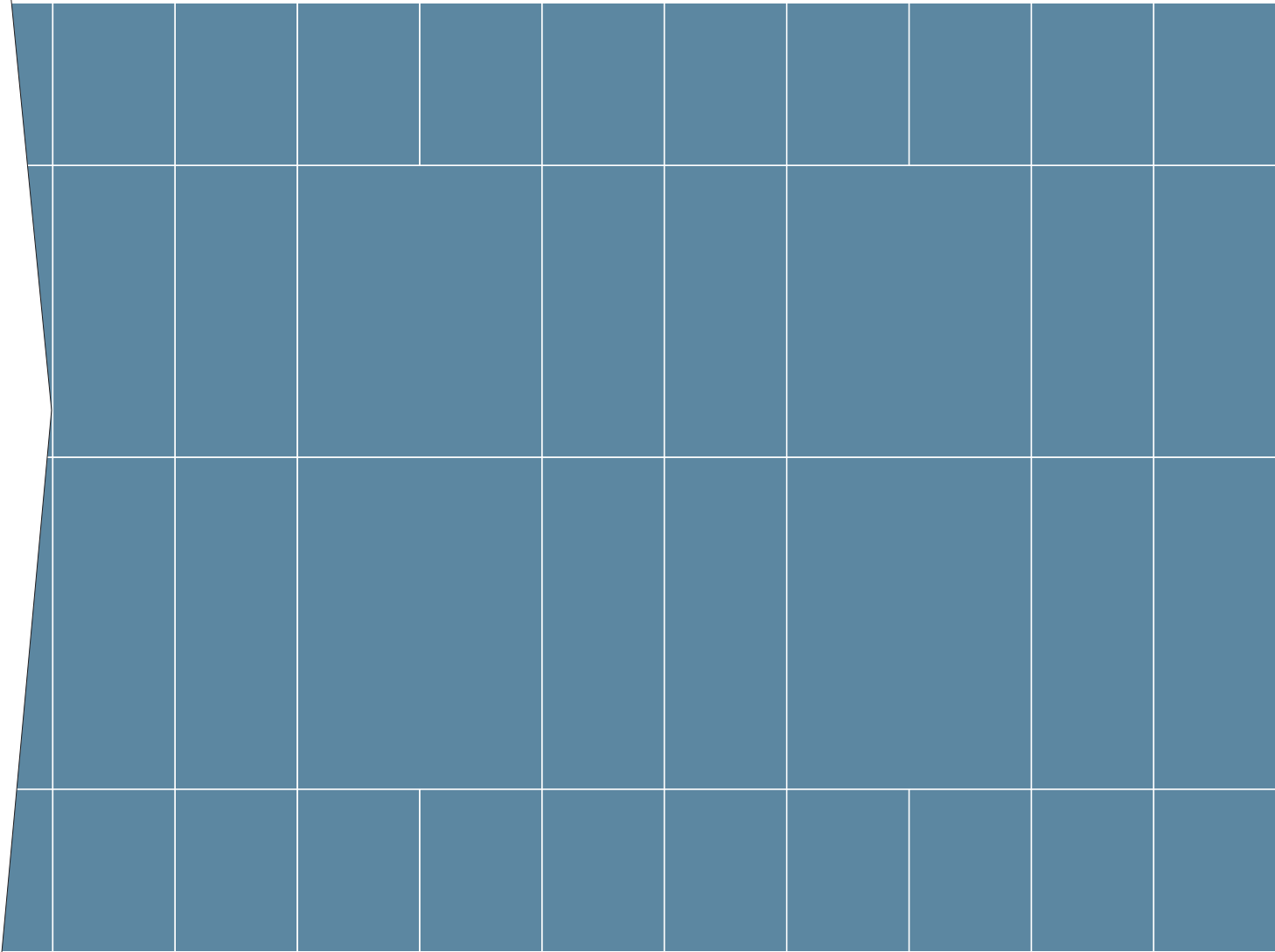
As I look ahead, one of my main goals this year is to align the MCA's vision with all stakeholders so we are in sync with each other to further all of our goals, as well as the collective goal of advancing our region. We must focus on gaining the attention of our peers outside our region, across the state and nation, and reach out to potential collaborators to ensure El Paso has a seat at the board table and is a member of the larger team. We will continue to strive to realize our maximum potential. Through the power of collaboration, we are strong.




Emma W. Schwartz




# ABOUT US




# MCA TEAM



**Albert Di Rienzo**  
Executive Director



**Emma W. Schwartz**  
President




**Carlos Ortega**  
Chief Financial Officer and  
Director of Impact Funds



**Noemi Herrera Rojas**  
Director of  
Communications and  
Founding Editor of  
Synapse



**Mark Frazer**  
Senior Director,  
Business Development



**Jeff Fuchsberg**  
Director, Intellectual Property &  
Competitive Analysis



**Martha Hood**  
Director of  
Accounting



**Neyha Sehgal**  
Assistant Director,  
Market Analysis



**Marianne Mijares**  
Executive  
Assistant



**Stephen Voglewede**  
Assistant Director,  
Business Development

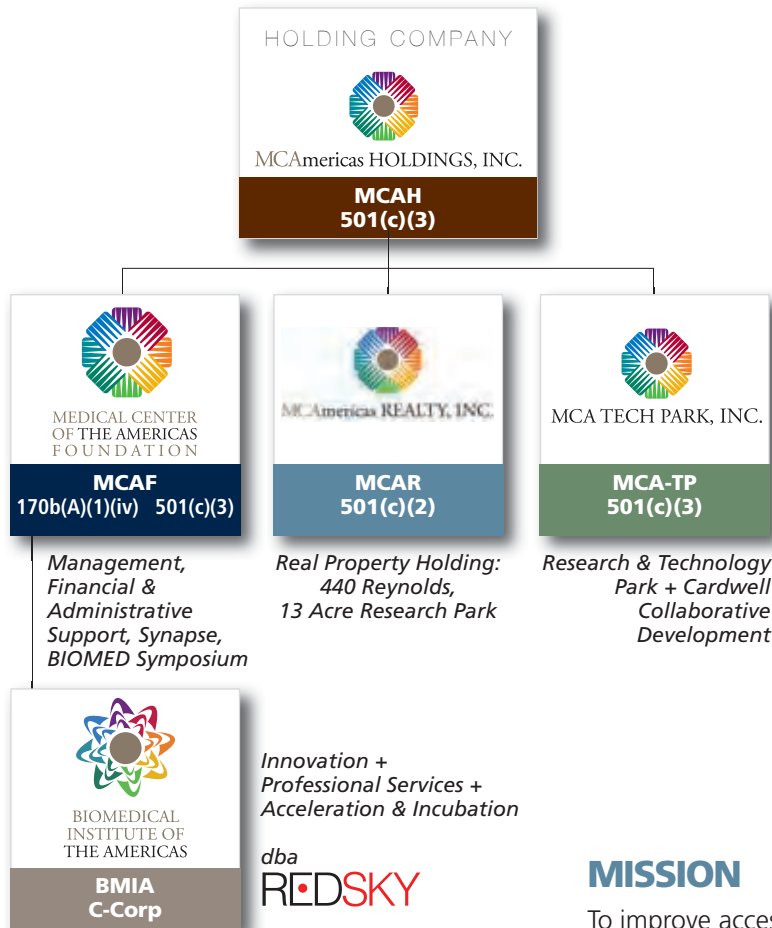


**Angelica Talavera**  
Grants and Development



**Beverly Rebe**  
Corporate Governance





## ABOUT

The Medical Center of the Americas (MCA) Foundation is a 501(c)3 nonprofit organization that works to advance the development of the MCA campus and advance the region's biomedical innovation pipeline.

## MISSION

To improve access to quality health care in the Paso del Norte region by building a better healthcare infrastructure, providing superior healthcare educational opportunities and attracting researchers and healthcare providers to the region.

## VISION

To position the Paso del Norte region as the premier center of health delivery, education and research concentrating on issues unique to military, border and Hispanic populations.



# 2013 CONTRIBUTORS

## CARDWELL COLLABORATIVE

J. A. Cardwell

Economic Development Administration,  
U.S. Department of Commerce

Douglas & Emma Schwartz

Robert E. & Jacqueline B. Skov

Henry Yoshawirja family, Po Hu family,  
Simon Hu family

MIMCO

Larry Wollschlager

Sierra Machinery, Inc.

In memory of Rose Rosales

TRE & Associates, LLC

Kimmie & Dalton Caldwell

Guy Fields & Cindy Lyons

Will Jewell & Martha Hood

Jobe Materials, LP

Luigi Pereria

Charles C Miller III, PhD

Alan & Elizabeth Abbott

David & Florence Buchmueller

## BLUE SKY SPONSOR

El Paso Electric Company

Hunt Family Foundation

Western Refining

## SUN SPONSOR

Richard Aguilar

Castro Enterprises

First National Bank

Harold & Beth Hahn

Hoy Fox Automotive Group

United Bank

Scott Hulse, PC

WestStar Bank

## MOUNTAIN SPONSOR

Gary & Leanne Hedrick

Inter National Bank

John Rogers, Jr.

## RIO GRANDE SPONSOR

David & Diane Bernard

Transtelco, Inc.

Robert E. Skov

## VIVA SPONSOR

Blanco Ordoñez Mata & Wallace PC

## SYNAPSE SPONSORS

Kindred Hospital

Sierra Providence Health Network

## BIOMED UNDERWRITERS

Dynatec Labs

El Paso Children's Hospital

El Paso Orthopaedic Surgery Group

El Paso Specialty Hospital

Huntleigh Technology Group

L&D Medical Products, LLC

Mentis Neuro Rehabilitation

New Mexico State University

Rio Grande Cancer Foundation

Sierra Providence Health Network

Texas Tech University Health Sciences Center-  
Center for Excellence in Cancer Research

Texas Tech University Health Sciences Center-  
Office of the Associate Dean of Research

University of Texas at Houston

## IN-KIND CONTRIBUTIONS

Huntleigh Technology Group

El Paso Inc.

PDX Printing

Makios IT Services

ScottHulse, PC





MEDICAL CENTER  
OF THE AMERICAS  
FOUNDATION

CARDWELL  
COLLABORATIVE

# PROGRAMS


CARDWELL COLLABORATIVE



The Cardwell Collaborative is a four-story biomedical research and technology commercialization building. This highly sophisticated facility will be located along I-10, just east of U.S. Highway 54, and will stand as an icon, symbolizing the region’s proliferating biomedical community. The \$36.5 million facility will perform like a tech park inside a building. Tenets will have access to the experts of the Biomedical Institute of the Americas, which means access to opportunities such as Angel funding, seed funding, proof of concept grants, sponsored research, a clinical trials network, biomedical businesses, science and technology consultants, education, biostatistics and mathematicians, grant writers, legal landscape services, market analyses, as well as a Tier 2 High Performance Computing Center.

The super computer means a high tech conference center, an augmented reality lab, a medical bionics lab, a “physician’s office of the future” lab, a computational lab, an avatar, and more.

TIER 2 HIGH PERFORMANCE  
SUPER COMPUTER POWER

128 PROCESSOR GRAPHICS  
ACCELERATOR ARRAY

800 TERABYTES FAST  
STORAGE

800 TERABYTES  
SECONDARY STORAGE



## TENANTS

**4th Floor** City of El Paso Public Health Labs

**3rd Floor** Biomedical incubator tenants

**2nd Floor** Texas Tech University Health  
Sciences Center El Paso

**1st Floor** MCA and RedSky

Named after major contributor **JACK CARDWELL**, this iconic building will be the newest addition to the developing skyline of the MCA campus. The building is also backed by a \$1 million grant from the Economic Development Administration. Opening is expected in 2015.

*Top to bottom:*

Avatar

High Tech  
Conference Center

Café



### **MCA Tech Park, Inc. BOARD OF DIRECTORS**

Lisa Budtke  
Edward Escudero  
Rodolfo Mata  
Meyer Marcus  
Ike Monty  
Linda Troncoso  
Gary Hedrick  
Robert E. Skov  
Henry Yoshawirja  
Brent Harris

### **MCA Tech Park TEAM**

Owner: MCA Tech Park, Inc.  
Program Manager: Broaddus & Associates  
Architect: Philo Wilke Partnership  
Construction Manager at Risk: Vaughn Construction  
Commissioning Agent: ccrd



# Letter from the **EXECUTIVE DIRECTOR**

It has been an exciting start here in El Paso! In June 2013, I moved to El Paso from Syracuse, New York – what a big move! I have been blessed to be welcomed by a warm, sincere and hardworking community. I have been fortunate to have made quick friendships at my gym, in my corporate housing complex, in the elevators at work, at the MCA's BIOMED symposium and elsewhere. It has also been exciting to develop the foundational team, relocating them along with their families from New York and Australia – in addition to having a native El Pasoan as part of the team. Some of us are still partially in transition and settling in. We are all grateful for the community's hospitality and we look forward to integrating ourselves into the fabric of this region.

When I made the decision to move to El Paso and launch the MCA's fledgling biomedical institute (recently re-branded as RedSky), I knew that the Paso del Norte had something special to offer; after all, it was built more than 350 years ago with the pioneering spirit backed by perseverance, and that spirit and tenacity is thriving today. This region is one of diversity, and there is great strength to be leveraged in that diversity – whether cultural, educational, environmental, occupational, spiritual... Plus, this region knows how to collaborate, which often does not happen easily. Collaborative relationships take work, compromise, commitment and trust. I believe this region's ability to collaborate across state lines, across disciplines and across institutions is an important and pivotal asset that makes us enviable in many respects.

We also have the advantage (not disadvantage) of being a new biomedical community, and not being weighed down by a culture of bureaucracy and self-centeredness. We have the freedom to be agile, and write our own rules. We have an unbounded scope to introduce game-changing approaches and concepts. This will lead to breakthrough innovation, and ultimately economic growth. I know that we will take the larger biomedical community by surprise if we continue this spirit of collaboration and shared vision for success.

On the next few pages, you will read about RedSky, its foundational core values, as well as the magnitude of our vision and what it means for the future of this community and for the landscape of health care. I look forward to engaging with you, the community, in this exceptional endeavor. I am humbled by the trust and opportunity that you have given me by allowing me to lead RedSky.

Albert Di Rienzo, **RedSky**





## DEFINITION

RedSky is a wholly-owned, for-profit subsidiary of the MCA Foundation

## OFFERINGS

ACCELERATION & INCUBATION: accounting, collaboration space, human resources, labs, I.T. services.

PROFESSIONAL SERVICES: I.P. landscaping, business, marketing, educational, strategy, freedom to operation, research and development.

INNOVATION: funding, grants, licensing, presentation, spin offs, equity.

**EMPLOYEES** are experienced, creative, business-savvy scientists, technologists and support personnel who are knowledgeable in all aspects of the “concept to commercialization” continuum.

## DISTINGUISHING FACTORS

RedSky is a comprehensive “concept to commercialization” entity that blends art + science to achieve results in a timely, creative, and cost-effective manner.

RedSky is a single touchpoint for entrepreneurs, innovators, and inventors who have a creative spirit and passion for improving human or animal health via radically improved business models, products and services.

**MISSION** – to be the preeminent collaborative resource for translational research, positioning the Paso del Norte region as a hub of excellence for global healthcare innovation

## CORE VALUES

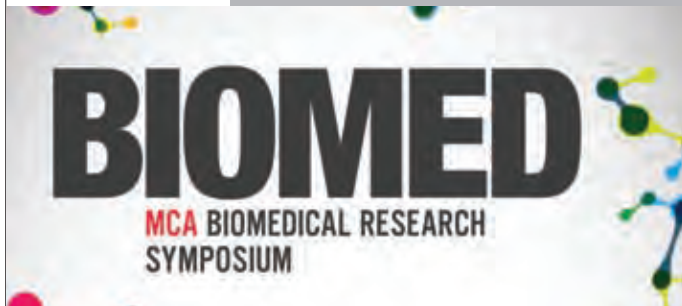
- Challenge, and allow yourself to be challenged
- Flawless personal and professional integrity
- Passionate belief in the team as the basis for success
- Relentless and fearless pursuit of radical innovation
- Respect and humility toward all

“This is very exciting that there is now a central locus for medical and healthcare innovation, diagnosticians, clinicians, practitioners, inventors, investors, and entrepreneurs, to come together and collaborate.”

## Biomedical Institute of the Americas BOARD OF DIRECTORS

Rafael Adame  
Miguel Fernandez, Jr.  
Woody Hunt  
Raymond Palacios

Robert E. Skov  
Henry Yoshawirja  
Alfred Wechsler  
Charles C. Miller III



On October 26, 2013, the MCA staged the region's first-ever regional biomedical research symposium where a series of medical-focused discussions took place on topics important to the Paso del Norte Bioplex. The goal was to convene the region's scientists, researchers, clinicians, graduate students and others for the purpose of identifying opportunities for inter-disciplinary and inter-institutional collaboration that could lead to breakthrough medical innovations.

EL PASO TIMES

Oct. 27, 2013

## Symposium seeks El Paso care solutions

-- By Alex Hinojosa

EL PASO, INC.

Nov. 1, 2013

## Biomed Friday Mixer

-- By Melody Parra

EL PASO TIMES

Nov. 5, 2013

## Letter to the Editor

-- Marc Ellman, MD Founder, Southwest Eye Institute

"Congratulations to MCA on biotech symposium. Recently, I had the pleasure of lecturing at the Medical Center of the Americas Biomedical Research Symposium. It was wonderful to see the collaboration of physicians and other medical professionals, students, researchers, and industry representatives. [...] I am excited for the future of the projects of the Medical Center of the Americas, such as the Biomedical Institute of the Americas, and the great benefit it will have on our region."

“In my 17 years living in El Paso, I’ve never seen so much brain power in one place doing something interesting.”

*Researcher*

“If you start an Angels Investor Network, I want to invest and be part of it.” *Cardiologist*

“The conference proved up, that there is much more talent in our region than anyone would guess!”

*I.T. business person*

**350 ATTENDEES**

The MCA expected 250 attendees, but instead, received nearly 350 people at its inaugural biomedical innovation symposium. Next year’s event is expected to attract 600.

**88 POSTERS**

**12 POSTER AWARDS**

BIOMED awarded a combined \$9,000 to 12 poster presenters from across the region. The awards were a validation that their research is outstanding on a regional level and that their work is well-suited for translation into the marketplace.

**6 RESEARCH INSTITUTIONS**

Through posters and speakers, six of the region’s research institutions were featured:

1. Fort Bliss / William Beaumont Army Medical Center
2. New Mexico State University
3. Tec de Monterrey
4. Texas Tech University Health Sciences Center El Paso
5. Universidad Autonoma de Ciudad Juarez
6. University of Texas at El Paso

**2 KEYNOTE SPEAKERS**

**Gregory T. A. Kovacs, MD, PhD**, Professor at Stanford University

**John A. Aucar, MD**, Trauma Director for Del Sol Medical Center

**1 \$25,000 GRANT**

After the event, a BIOMED review team selected a project to receive a \$25,000 proof-of-concept collaboration grant. The project selected was a multi-institutional team that demonstrated potential to improve human health and healthcare in the Paso del Norte region and beyond.



## 2013 CAMPUS GROWTH

JAN  
13

The MCA Foundation issues its first check to Texas Tech University Health Sciences Center (TTUHSC) at El Paso. The \$612,000 is the first of 18 installments for a total \$11 million that will help build a new facility for the TTUHSC Gayle Greve Hunt School of Nursing.

MAR  
06

Texas Gov. Rick Perry signs a new law transforming TTUHSC at El Paso from a regional campus to a freestanding institution under the Texas Tech University System. The transition makes the MCA campus home to Texas Tech's fourth university.

*"As an independent university, TTUHSC El Paso can focus on regional health care priorities, such as access to health care, physician recruitment, research on diseases affecting Latino and border populations."*

– **State Senator José Rodríguez**

APR  
24

MCA Tech Park, Inc. selects three companies to develop its research building and research park: PhiloWilke Partnership as the architecture firm; Broaddus & Associates as the program manager; and Broaddus Planning to master plan the 13-acre research park.

JUN  
24

U.S. Commerce Department's Economic Development Administration (EDA) announces it will grant \$1 million to the MCA Foundation for the design and engineering of its biomedical innovation center.

*"The building will be the anchor for a new medical district being developed in El Paso, the Medical Center of the Americas."* – **EDA**

JUL  
12

The MCA Foundation receives a multi-million-dollar commitment from local businessman Jack Cardwell to support construction of the MCA's biomedical innovation center. The MCA dubs the building the Cardwell Collaborative.

AUG  
19

TTUHSC leaders break ground for the new TTUHSC nursing school building. The new facility will be located next to the Paul L. Foster School of Medicine and a block east from University Medical Center and El Paso Children's Hospital. The proximity of these institutions takes the MCA campus to new heights of interdisciplinary medical training and real-world clinical preparation.

OCT  
16

New Fire Station No. 5 breaks ground on MCA campus

# OUTREACH



## BY THE NUMBERS

0	Synapse t-shirt designs
1	Summer intern
2	New Synapse sponsors
3	Media partners (El Paso Inc., PDX Printing, KTEP)
11	Email campaigns sent from the stratosphere
59	Tweethearts
88.5	FM channel broadcasts Synapse interviews
132	Tweets
138	Headlines
1,623	Well-informed subscribers
1,700	Dollars earned in advertising

## STATE OF LIFE SCIENCES

The MCA Foundation, in conjunction with the Greater El Paso Chamber of Commerce, presented the region's first-ever "State of Life Sciences" address on May 7. About 180 business people and healthcare industry stakeholders attended to hear panelists from five of the region's research institutions:

- New Mexico State University
- Texas Tech University Health Sciences Center El Paso
- University of Texas at El Paso
- William Beaumont Army Medical Center
- UT Houston School of Public Health El Paso Regional Campus

## LIFE SCIENCES COMMUNICATORS

The MCA Foundation formed a Life Sciences Communicators coalition for the purpose of creating a unified identity that would distinguish El Paso's bioplex from other biomedical clusters. Several meetings were held over the course of 2013 and led to a unified icon and message:

Medical Center  
of the Americas:  
an international  
biomedical  
alliance





TEXAS TECH UNIVERSITY  
HEALTH SCIENCES CENTER EL PASO

# **GAYLE GREVE HUNT SCHOOL OF NURSING**



MCA **FINANCIALS**


**MCAmericas Holdings, Inc. and Subsidiaries  
Management's Discussion and Analysis of  
Financial Condition and Results of Activities  
Year Ended December 31, 2013**

*The following discussion should be read together with the financial statements and notes thereto included elsewhere in this annual report. This discussion contains certain forward-looking statements that are based on management's current expectations, estimates, and projections about its activities. The cautionary statements made in this report should be read as applying to all related forward-looking statements wherever they appear in this report. Actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of various factors.*

**Organizational Overview and Corporate Structure**

On April 5, 2012, MCAmericas Holdings, Inc. ("Holdings") was formed as a Texas non-profit corporation in order to serve the best interests of Medical Center of the Americas Foundation and its subsidiaries by reorganizing all entities into a new structure that would provide: (1) centralized management; (2) placement of distinct charitable functions of MCA in separate tax exempt entities; and (3) compartmentalization of liability. Accordingly, on July 30, 2012, Holdings filed Form 1023 with the Internal Revenue Service seeking classification as an organization exempt from federal income tax under Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code ("IRC") for the proposed restructuring and supporting organization. On August 29, 2013, the Internal Revenue Service recognized Holdings as exempt from federal income tax and subsequently became the parent holding company and sole member of the following (collectively "MCA"):

- Medical Center of the Americas Foundation ("Foundation"), a tax exempt entity under IRC Sections 501(c)(3) and 170(b)(1)(A)(vi) and its wholly owned subsidiary, BioMedical Institute of the Americas, Inc. ("BMIA"), an IRC Subchapter C corporation;
- MCAmericas Realty, Inc. (MCAR), a tax exempt entity under IRC Section 501(c)(2);
- MCA Tech Park, Inc. (Tech Park), a tax exempt entity under IRC Section 501(c)(3).

MCA's mission is to create a world class medical center within the Medical Center of the Americas campus that will foster and accelerate biomedical innovation, creating new employment opportunities and meeting health care needs of the region's current and future citizens. This biomedicine-driven economic development and growth mission will be accomplished through a series of strategic activities involving both physical infrastructure and programmatic initiatives. Strategic activities for discovery, development and deployment will harness and grow regional assets consisting of biomedical research, demographics providing for distinctive clinical trials capability, adaptive workforce and logistics and manufacturing capabilities that can accommodate biomedical business operating environments.

In February 2012, the City of El Paso ("City") entered into an the Economic Development Program Grant Agreement ("Grant") with Foundation pursuant to Chapter 380 of the Texas Local Government Code for the purposes of promoting local economic development and stimulating business and commercial activity within the City. Foundation was awarded this Grant based upon its economic development project consisting of biomedical cluster specific programs and infrastructure projects that will, over time, be a significant economic generator for the City to attract and retain economic development in the City's targeted industries ("Project").



The Grant provides for annually appropriated funds which are disbursed in quarterly payments through August 31, 2030 and which are estimated to total over \$60 million. Grant payments are to be used to pay Project costs and are subject to annual appropriation as well as performance indicators and infrastructure deadlines, as defined in the Grant.

The City's funding for the Grant is derived from its franchise agreement with El Paso Electric Company (NYSE:EE) to operate an electric utility for the transmission and distribution of electrical energy within the boundaries of the City. The City designates a portion of this funding for economic development through its Impact Fund. Seventy-five percent (75%) of such Impact Fund has been designated by the City for Foundation through August 31, 2030.

The components of the Project consist of the following (references are to Grant Agreement, Exhibit A):

- **A-Baseline Staffing**
- **B-Planning and Design**
- **C.1-Creation of MCA BioTech Commercialization Institute as a Subsidiary or Affiliate to the MCA**
- **C.2-Clinical Research Organization (CRO)**
- **C.3-Proof of Concept Fund**
- **D-Land Acquisition**
- **D.1-Surface and/or Structured Parking for MCA area activities**
- **E-MCA Tech Building**
- **F-TTUHSC Gayle Greve Hunt School of Nursing Building**

Foundation provides management and financial/administrative support for the Project activities of its subsidiary and affiliates as follows:

- BMIA was organized on May 4, 2012 to establish, launch and scale operations for discovery, development and deployment of biomedical innovation in the Paso del Norte region by providing a bridge for university research and intellectual property to the marketplace.
- Tech Park was organized on July 14, 2011 for the development and long-term growth of a vibrant, state-of-the-art research park for life sciences and healthcare, beginning with its 80,000 square-foot anchor building, the Cardwell Collaborative.
- MCAR was organized on December 14, 2009 for the exclusive purpose of investing in and acquiring real property and holding title to, collecting income from such property and remitting the income from such property less expenses.

### **Major Accomplishments**

A summary of major accomplishments during 2013 are as follows:

- On February 1, 2013, Tech Park engages Broaddus & Associates for project planning and management of its biomedical research and technology building (Project E).
- In April 2013, regional private hospitals are invited by Foundation to participate as Honorary Board members (Project C.2).
- On April 25, 2013, Tech Park engages Philo Wilke Partnership for architect and engineering services for its biomedical research and technology building (Project E).
- On May 23, 2013, Tech Park awards construction of its biomedical research and technology building to J.T. Vaughn Construction, LLC (Project E).
- On May 30, 2013, Tech Park completed its master site plan for the biomedical research and technology park (Project B).
- On June 3, 2013, BMIA hired Albert Di Rienzo for the position of Executive Director (Project C.1).

- On June 24, 2013, Economic Development Agency of the US Department of Commerce (“EDA”) awards \$1 million grant to support the design and engineering of Tech Park’s biomedical research and technology building (Project E).
- In July 2013, the BMIA foundational team is hired consisting of Mark Frazer as Senior Director of Business Development, Jeff Fuchsberg as Director of Intellectual Property and Competitive Analysis and Neyha Sehgal as Assistant Director of Market Analysis. Stephen Voglewede, Assistant Director of Business Development, was hired in 2012 (Project C.1).
- On July 10, 2013, City of El Paso signs a letter of intent to lease space in the biomedical research and technology building for the City Health Lab (Project E).
- On July 11, 2013, Foundation receives a multi-million dollar contribution from Jack Cardwell for the biomedical research and technology building, Cardwell Collaborative (Project E).
- On August 8, 2013, Tech Park signs a commitment letter from a local group of banks for financing of the Cardwell Collaborative (Project E).
- On August 19, 2013, Texas Tech University Health Sciences Center El Paso signs a letter of intent to lease space in the Cardwell Collaborative for research and office use (Project E).
- On August 19, 2013, construction of the Hunt School of Nursing begins (Project F).
- On October 7, 2013, BMIA obtains Board approval for its strategic plan (Project C.1, C.2 and C.3).
- On October 15, 2013, MCA presents its first Annual Report to City Council pursuant to the Grant Agreement.
- On October 26, 2013, MCA hosts the first regional BIOMED symposium, featuring nationally recognized speakers and over 80 abstracts, was attended by over 300 participants (Project C.1).
- On November 21, 2013, MCA hosts the Cardwell Collaborative Thanksgiving event to kick-off its capital fundraising campaign.
- On December 3, 2013, Foundation delivers second payment in the amount of \$612,000 to Texas Tech University Health Sciences Center for the construction of the Hunt School of Nursing building (Project F).

### **Financial Highlights**

MCA revenues and other support for the year 2013 increased from approximately \$5.9 million in 2012 to approximately \$9.2 million or 54%. The increase was attributable to various contributions for the Cardwell Collaborative which are generally payable in annual installments over a five-year period beginning in 2014 as well as an EDA grant to support design and engineering for the Cardwell Collaborative.

MCA expenses for the year 2013 decreased from approximately \$2.4 million in 2012 to approximately \$2.1 million. The net decrease in expenses was primarily attributable to the following:

- Contributions expense decreased in the amount of \$612,000 for the Nursing School Facility Funding Agreement with TTUHSC. The prior year amount reflected the initial recording of the Grant in accordance with the City’s annual appropriations for its 2011/2012 and 2013 fiscal years.
- Salaries, wages and benefits increased approximately \$592,000 due to the hiring of four members of the BMIA foundational team.
- Consulting fees decreased approximately \$292,000 due to certain non-recurring expenses related to business plans for Tech Park and BMIA as well as executive recruitment for the BMIA executive director. In addition, legal fees decreased approximately \$73,000.

- Office and administrative expenses increased by approximately \$72,000 due to additional office space and support infrastructure for the BMIA organization.
- Approximately \$59,000 was incurred in connection with the first BIOMED regional symposium held in October 2013.

### **Liquidity and Financial Resources**

MCA total assets at December 31 increased from approximately \$5.4 million in 2012 to approximately \$12.8 million in 2013. The increase in assets was primarily attributable to:

- An increase in cash and cash equivalents of approximately \$800,000;
- An increase in contributions receivable for the Cardwell Collaborative of approximately \$5.5 million;
- Construction-in-progress for the Cardwell Collaborative of approximately \$1.6 million.

MCA total liabilities at December 31 increased from approximately \$1.2 million in 2012 to approximately \$1.6 million in 2013. The increase in liabilities was primarily attributable to the increase in accounts payable for construction-in-progress of the Cardwell Collaborative.

MCA net assets at December 31 increased from approximately \$4.2 million in 2012 to approximately \$11.2 million in 2013.

MCA cash flows provided by operating activities increased from approximately \$1.1 million in 2012 to approximately \$2.3 million in 2013. The increase was primarily attributable to Grant payments received.

MCA cash flows used in investing activities increased from approximately \$17,000 in 2012 to approximately \$1.5 million in 2013 for the Cardwell Collaborative construction-in-progress and for the purchase of computer and office equipment. Construction-in-progress amounts have been temporarily funded by MCA's excess cash balances. It is expected that such expenditures will be refunded through future bank financing.

MCA cash flows used in financing activities increased from approximately \$18,000 in 2012 to approximately \$20,000 in 2013 for payments made on MCAR's term loan for a building leased to a third party.

MCA's primary sources of liquidity are Grant payments received from the City, philanthropic contributions from corporate and private donors, rental revenues and bank financing. With cash, short term investments and contributions receivable totaling approximately \$5.0 million at December 31, 2013, MCA believes its financial resources are sufficient to fund its operating obligations during the year ending December 31, 2014. Funding for the Cardwell Collaborative development is expected to be provided through a combination of loans, EDA government grant and a capital campaign with private donors with the intent of raising \$10 million over a two-year period, of which approximately \$6.5 million has been raised at December 31, 2013. Tech Park expects to secure sufficient financing for the planning, design, construction and project management of the Cardwell Collaborative in the amount of approximately \$30 million during 2014 prior to the start of construction; however, no assurances can be provided. Tech Park is also pursuing potential New Market Tax Credits for the Cardwell Collaborative from various Community Development Entities in 2014; however, no assurances can be provided at this time.

MCA's principal operating contractual obligations and commitments at December 31, 2013 consist of its annual payments of \$612,000 through December 2029 pursuant to the TTUHSC Nursing School Facility Funding Agreement and its monthly office lease commitments of approximately \$7,000 through August 2015. In addition, as of December 31, Tech Park has commitments outstanding in the amount of approximately \$4 million for the Cardwell Collaborative development.



## MCAmericas HOLDINGS, INC.

### **Management's Report on the Consolidated Financial Statements**

We have prepared the accompanying consolidated financial statements of MCAmericas Holdings, Inc. and subsidiaries (collectively, "MCA") for the years ended December 31, 2013 and 2012. We are responsible for the content and integrity of such financial statements as well as other financial information included in this annual report. The financial statements have been prepared in conformity with generally accepted accounting principles applicable to nonprofit organizations promulgated by the Financial Accounting Standards Board in its Codification of Financial Accounting Standards (the Codification) FASB ASC 958 and reflect our best estimates and judgments. The other financial information included in this annual report is consistent with the financial statements. We believe that such financial statements present fairly MCA's financial position; results of its activities and changes in net assets; and cash flows.

MCA's consolidated financial statements have been audited by Lauterbach, Borschow & Co., independent certified public accountants, whose report thereon appears herein. The Lauterbach firm was given unrestricted access to all financial records and related information, including minutes of meetings of the various boards of directors and committees. We believe that all representations made to the Lauterbach firm during its audit were valid, timely and appropriate.

We recognize our responsibility for fostering a strong ethical climate so that MCA's affairs are conducted according to the highest standards of conduct. This responsibility is characterized and reflected in MCA's Code of Ethics and Conduct ("Code"). The Code addresses, among other things, the necessity of assuring open communication within MCA, potential conflicts of interest, compliance with all applicable domestic laws, and the confidentiality of proprietary information. We maintain a formal and systematic program to assess compliance with the Code, including a requirement that all employees and board members must annually affirm their compliance.

MCA management has established and maintains a system of internal controls that provide reasonable assurance as to the integrity and reliability of its financial statements, protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting. This system of internal controls provides for appropriate division of responsibility and is documented by written policies and procedures that are communicated to employees with significant roles in the financial reporting process and are updated as necessary. Management regularly monitors the system

of internal controls for compliance. In planning and performing its audit of MCA's financial statements, the Lauterbach firm considered MCA's internal controls relevant to MCA's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on such financial statements, but not for the purpose of expressing an opinion on the effectiveness of MCA's internal control.

In addition, MCA has an Audit Committee that oversees the audit process. The Audit Committee, consists of members of the Board of Directors of MCA, provides an oversight role in achieving financial reporting quality as well as the hiring, replacing and supervision of the MCA's independent accounting firm. The Audit Committee is chaired by Ms. Lisa Budtke. Other members of the Audit Committee are Mr. Edward Escudero, Mr. Gary Hedrick and Mr. Rudy Mata, as ex officio. Ms. Budtke is Assistant Treasurer of El Paso Electric Company. Mr. Escudero is President and CEO of Sierra Finance and is also former Executive Vice President and CFO of C&R Distributing. Mr. Hedrick is currently clinical professor of Corporate Enterprise at the University of Texas at El Paso and former CEO and CFO of El Paso Electric Company. Mr. Mata is a practicing attorney in private law practice.



Emma W. Schwartz, President



Carlos Ortega, Chief Financial Officer

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**December 31, 2013 and 2012**

**With Independent Auditors' Report**



**LAUTERBACH, BORSCHOW & COMPANY**

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS  

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BUSINESS & PERSONAL CONSULTANTS

4130 RIO BRAVO DR., SUITE 100  
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
MCAmericas Holdings, Inc. and Subsidiaries  
El Paso, Texas

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of MCAmericas Holdings, Inc., which comprise the consolidated statement of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial position of MCAmericas Holdings, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 March 6, 2014 on our consideration of MCAmericas Holdings, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 MCAmericas Holdings, Inc.'s internal control over financial reporting and compliance.

*Lauterbach, Borschow & Company*

March 6, 2014  
El Paso, Texas

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Consolidated Statements of Financial Position

December 31, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 1,937,716	1,133,553
Short term investments	507,146	503,140
Contributions receivable, net (Notes 3 and 4)	2,495,108	3,134,462
Prepaid expenses and other current assets	19,621	2,936
Total current assets	4,959,591	4,774,091
Noncurrent assets:		
Cash restricted to investment in property and equipment (Note 5)	74,812	—
Contributions receivable restricted to investment in property and equipment, net (Note 5)	5,454,050	—
Property and equipment, net (Notes 5, 6 and 12)	2,310,179	618,348
Total assets	\$ 12,798,632	5,392,439
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 346,846	16,972
Accrued expenses and other liabilities	79,736	16,795
Contributions payable (Note 7)	612,000	612,000
Current portion of long-term debt (Note 8)	19,890	18,793
Total current liabilities	1,058,472	664,560
Long-term debt (Note 8)	529,474	549,256
Total liabilities	1,587,946	1,213,816
Net assets:		
Unrestricted	566,953	145,566
Temporarily restricted (Note 13)	10,643,733	4,033,057
Total net assets	11,210,686	4,178,623
Commitments (Notes 3, 5, 7, 12 and 16)		
Total liabilities and net assets	\$ 12,798,632	5,392,439

See accompanying notes to consolidated financial statements.

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Consolidated Statements of Activities  
Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Unrestricted net assets</b>		
Changes in unrestricted net assets:		
Revenue and support:		
Contributions	\$ 34,954	42,673
In-kind donations (Note 10)	31,054	42,329
Rent (Note 11)	100,980	100,980
Interest	4,968	6,710
Other	43,955	477
Total unrestricted revenue and support	<u>215,911</u>	<u>193,169</u>
Net assets released from restriction	<u>2,340,034</u>	<u>2,246,074</u>
Total	<u>2,555,945</u>	<u>2,439,243</u>
Expenses (Note 9):		
Programs:		
Biomedical Cluster	858,078	382,673
Infrastructure	925,421	1,556,116
Other	32,292	43,843
Management and general	288,189	399,321
Fundraising	30,578	5,499
Total expenses	<u>2,134,558</u>	<u>2,387,452</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>421,387</u>	<u>51,791</u>
<b>Temporarily restricted net assets</b>		
Changes in temporarily restricted net assets:		
Grants (Note 3)	3,110,544	5,772,870
Contributions	311,303	—
Contributions restricted to investment in property and equipment (Note 5)	5,528,863	—
Grants and contributions released from restrictions	<u>(2,340,034)</u>	<u>(2,246,074)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>6,610,676</u>	<u>3,526,796</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<u>7,032,063</u>	<u>3,578,587</u>
<b>NET ASSETS, Beginning of year</b>	<u>4,178,623</u>	<u>600,036</u>
<b>NET ASSETS, End of year</b>	<u>\$ 11,210,686</u>	<u>4,178,623</u>

See accompanying notes to consolidated financial statements.

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows  
Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 7,032,063	3,578,587
Adjustments to reconcile change in net assets to net cash provided by (used in ) operating activities:		
Depreciation	30,504	19,430
Contributions restricted to investment in property and equipment	(5,454,050)	—
Other	—	(1,585)
Changes in operating assets and liabilities:		
Short term investments	(4,006)	(503,140)
Contributions receivable	639,354	(2,623,148)
Prepaid expenses and other current assets	(16,685)	(1,344)
Accounts payable	50,221	4,007
Contributions payable	—	612,000
Accrued expenses and other liabilities	62,941	14,703
Net cash provided by operating activities	<u>2,340,342</u>	<u>1,099,510</u>
Cash flows from investing activities:		
Purchase of property and equipment	(111,846)	(17,054)
Additions to construction in progress	(1,329,739)	—
Cash restricted to investment in property and equipment	<u>(74,812)</u>	<u>—</u>
Net cash used in investing activities	<u>(1,516,397)</u>	<u>(17,054)</u>
Cash flows from financing activities:		
Payments on long-term debt	<u>(19,782)</u>	<u>(18,450)</u>
Net cash used in financing activities	<u>(19,782)</u>	<u>(18,450)</u>
Net increase in cash and cash equivalents	804,163	1,064,006
Cash and cash equivalents, beginning of year	<u>1,133,553</u>	<u>69,547</u>
Cash and cash equivalents, end of year	\$ <u>1,937,716</u>	<u>1,133,553</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>34,895</u>	<u>36,118</u>
Non-cash activities:		
Construction in progress purchased through accounts payable	\$ <u>280,750</u>	<u>—</u>

See accompanying notes to consolidated financial statements.



**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

**1. DESCRIPTION OF ORGANIZATION**

MCAmericas Holdings, Inc. was formed and incorporated in the State of Texas as a non-profit and supporting organization, exempt from federal income tax under Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code ("Code"). MCAmericas Holdings, Inc. is a holding company that operates through its subsidiary companies which consist of the following (collectively "MCA"):

- Medical Center of the Americas Foundation ("Foundation"), a Texas non-profit corporation exempt from federal income tax under sections 501(c)(3) and 170(b)(1)(A)(vi) of the Code. It is the sole member of BioMedical Institute of the Americas, Inc. ("BMIA"), a Texas corporation subject to federal income tax under Subchapter C of the Code;
- MCAmericas Realty, Inc. ("MCAR"), a Texas non-profit corporation exempt from federal income tax under Section 501(c)(2) of the Code;
- MCA Tech Park, Inc. ("Tech Park"), a Texas non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Code.

MCA's mission is to create a world class medical center within the Medical Center of the Americas campus that will foster and accelerate biomedical innovation, creating new employment opportunities and meeting health care needs of the region's current and future citizens. This biomedicine-driven economic development mission will be accomplished through a series of strategic activities involving both physical and programmatic initiatives. Strategic activities directed to discovery, development and deployment will harness and grow regional assets consisting of biomedical research, demographics providing for distinctive clinical trials capability, adaptive workforce and logistics and manufacturing capabilities that can accommodate biomedical business operating environments in the region.

In order to assist MCA with this mission, the City of El Paso ("City") signed an Economic Development Program Grant Agreement ("Grant") with Foundation on February 7, 2012 pursuant to Chapter 380 of the Texas Local Government Code for the purposes of promoting local economic development and stimulating business and commercial activity within the City of El Paso. Foundation was awarded this Grant based upon its economic development project consisting of biomedical cluster specific programs and infrastructure projects as defined in the Grant ("Project") that may, over time, be a significant economic generator for the City to attract and retain economic development in the City's targeted industries.

Pursuant to such Project activities, MCA's main programs consist of the following:

- Biomedical Cluster: This program consists of activities directed to bridging university intellectual property to the marketplace and accelerating the flow of the region's biomedical science from laboratory bench to the patient's bedside, providing a regional economic engine to position the region as a hub of excellence for global healthcare innovation as well as bringing solutions to the region's health challenges and elevating the quality of healthcare for its residents.
- Infrastructure: This program consists of activities directed to the development of the physical infrastructure needed to support the Biomedical Cluster by establishing the region's first biomedical research park, beginning with its anchor building, the Cardwell Collaborative (Note 5), as well as providing funding for the construction of Texas Tech University Health Sciences Center Gayle Greve Hunt School of Nursing building (Note 7).

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

MCA's Project activities are conducted by the various subsidiaries as follows:

- Foundation was organized on November 27, 2006 and provides general and administrative activities necessary to provide support for the organization's program activities (Project). General and administrative activities include those that provide governance, oversight, board management, executive management, financial management, accounting, budgeting, legal support, tax exempt compliance, human resource management and other similar activities that ensure an adequate working environment and equitable employment. Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting grants and contributions from corporate and individual donors. Other activities include publishing of Synapse™, a web and print publication that aggregates the region's life sciences news; organizing the annual biomedical symposium (BIOMED 2013); and awarding grants for biomedical research and collaboration.
- BMIA was organized on May 4, 2012 to establish, launch and scale operations for discovery, development and deployment of biomedical innovation in the Paso del Norte region by providing a bridge for university research and intellectual property to the marketplace.
- Tech Park was organized on July 14, 2011 for the development and long-term growth of a vibrant, state-of-the-art research park for life sciences and healthcare, beginning with an 80,000 square foot anchor building, the Cardwell Collaborative (Notes 5 and 12).
- MCAR was organized on December 14, 2009 for the exclusive purpose of investing and acquiring real property, holding title to, managing, collecting income from such property and remitting income from such property less expenses (Note 11).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MCA prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies are described in the following sections to enhance usefulness and understandability of the financial statements.

***Change in Reporting Entity*** – MCAmericas Holdings, Inc. was formed in order to serve the best interests of MCA by reorganizing all MCA entities into a new structure that provides: (1) centralized management; (2) compartmentalization of liability; and (3) placement of distinct charitable functions of MCA in separate entities. During 2013, MCAmericas Holdings, Inc. obtained its tax exempt status and became the parent holding company and sole member of the MCA entities. Accordingly, the financial statement presentation of MCA was changed in 2013 to include the accounts of MCAmericas Holdings, Inc. The 2012 financial statements have been restated to reflect this change. The restatement had an insignificant change on the previously reported net assets as of December 31, 2012 and changes in net assets for the year then ended.

***Principles of Consolidation*** – The accompanying consolidated financial statements include the accounts of MCAmericas Holdings, Inc., which is the sole member of Medical Center of the Americas Foundation and its subsidiary, BioMedical Institute of the Americas, Inc., MCAmericas Realty, Inc. and MCA Tech Park, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.



**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

**Basis of Financial Statement Presentation** – Under Financial Accounting Standards Board in its Codification of Financial Accounting Standards (the Codification), net assets, revenues, and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of MCA and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** – Unrestricted net assets represent resources that are not subject to donor-imposed stipulations and over which the Board of Directors has discretionary control. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction. Net assets received and expended within the reporting period are reported in the Statements of Activities as unrestricted support or revenue.
- **Temporarily Restricted Net Assets** – Temporarily restricted net assets are those net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to the stipulations.
- **Permanently Restricted Net Assets** – Permanently restricted net assets represent resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. There are no permanently restricted net assets as of December 31, 2013 and 2012.

**Revenue Recognition** – Contributions are recognized when the donor makes a promise to give to MCA that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Gifts restricted to the acquisition or construction of long-lived assets are reported as temporarily restricted revenue and released to unrestricted net assets when long-lived assets are placed in service.

Contributions to be received after one year are recorded at fair value using present value techniques discounted at an appropriate discount rate commensurate with the risk involved, net of estimated uncollectible amounts.

Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Grant revenue from federal agencies is recognized when the qualifying costs are incurred for cost-reimbursement grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. These audits and reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. MCA management believes that any costs ultimately disallowed would not materially affect the consolidated financial statements.

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

***Cash and Cash Equivalents*** – Cash equivalents consist of short-term, interest bearing certificates of deposit with banking institutions in El Paso, Texas having original maturities of three months or less.

***Short Term Investments*** – MCA invests cash in excess of its immediate needs in certificates of deposit with banking institutions in El Paso, Texas having original maturities greater than three months but not more than one year. The carrying amount reported for such short investments approximates fair value.

The investment policy specific to these investments is monitored by the Investment Committee of MCA's Board of Directors. The policy requires that such investments be insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000.

***Property and Equipment, net*** – Property and Equipment are stated at cost or at estimated fair market value at the date of the gift, if donated. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are charged to operations as incurred.

***Concentrations of Risk*** – MCA maintains cash balances and certificates of deposit at financial institutions in El Paso, Texas. Cash accounts are insured by the FDIC for up to \$250,000. Although at times balances in bank deposit accounts may exceed federally insured limits, management believes MCA is not exposed to significant credit risk on those amounts.

MCA receives a substantial amount of its support from public and private contributions primarily located in the El Paso, Texas borderplex region. In 2013 and 2012, approximately 29 percent and 98 percent, respectively, of MCA's total revenues and support is provided by the City of El Paso pursuant to the Grant with Foundation. Therefore, MCA's ability to continue as a going concern is dependent on the level of support received from such contributions and the economic health of the region.

Credit risk with respect to contributions receivable is limited due to the number and creditworthiness of the donors who comprise the contributor base.

***Management Estimates and Assumptions*** – 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported periods. On an ongoing basis, MCA's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. MCA's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

***Expense Recognition and Allocation*** – Significant expenses that relate to two or more programs or support activities are allocated to the respective programs and activities. These costs principally



**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

relate to occupancy and support costs and are allocated based upon estimated usage, time spent or square footage. The cost of providing MCA's programs and other activities is summarized on a functional basis in the Statement of Activities and by natural classification in Note 9.

Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Management and general expenses include those costs that are not directly identifiable with any specific program but which provide for the overall support and direction of MCA.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. MCA generally does not conduct its fundraising activities in conjunction with its other activities.

***Analysis for Impairment*** – Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon a comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based upon the fair value of impaired assets. In management's opinion, there is no impairment of MCA's long-lived assets at December 31, 2013 and 2012.

***Donated Materials, Equipment, and Services*** – Donated materials and equipment are recorded as contributions at their estimated fair values at the date of receipt. In-kind services, which are defined as donations of services that would have to be purchased in order for MCA to operate if not donated, are recorded as revenue and expenses in the Statements of Activities for the fair market value of the services received. Volunteer services, which are not considered necessary for operations to continue, are not reflected in the financial statements, as no objective basis is available to measure the value of such services.

***Income Tax Status*** – MCAmericas Holdings, Inc., Foundation and Tech Park are non-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Code. MCAR is a non-profit organization exempt from federal income taxes under Section 501(c)(2) of the Code. Accordingly, no liability or provision for federal income and state franchise taxes is included in the accompanying consolidated financial statements. However, income from activities not directly related to their tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income in 2013 and 2012.

Contributions to MCA are tax deductible to donors under Section 170 of the Internal Revenue Code. MCA is not classified as a private foundation within the meaning of Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.

BMIA is a C corporation that is not a tax exempt entity for federal income tax purposes and does not meet the definitional requirements of Section 501(c)(3) of the Code. BMIA accounts for income taxes under the asset and liability method pursuant to FASB ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards.

**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Under U.S. generally accepted accounting principles, a tax provision resulting from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date in order to be recognized. Management has analyzed the tax positions taken by MCA, and has concluded that as of December 31, 2013 and 2012, no uncertain positions have been taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

MCA is subject to audit by taxing authorities; however, there are currently no audits for any tax periods in progress. The tax years ending after 2009 are still open to audit for both federal and state purposes.

**Prior Year Information** – Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

**Subsequent Events** – Management has evaluated subsequent events through March 6, 2014, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the consolidated financial statements except as disclosed in Note 16. Events occurring after that date have not been evaluated to determine whether a change in the consolidated financial statements would be required.

### 3. GRANTS

On February 7, 2012, El Paso City Council approved the City of El Paso to enter into a Grant Agreement with Foundation for the development of biomedical cluster specific programs and infrastructure projects. Except for the first year, the Grant provides for quarterly payments through August 31, 2030 which are equivalent to 75 percent of the City's Impact Fund and are projected to total approximately \$60 million. The Impact Fund is collected from the franchise fee that the City charges El Paso Electric Company. Grant payments, which are subject to annual appropriation by the City, are to be used to pay Project costs and are subject to Performance Indicators and building deadlines, as defined in such Grant.

Grant revenue is recognized when the conditions to the Grant have been substantially met through annual appropriation of such funds and an assessment that Performance Indicators are substantially met or considered remote that they would not be met. At December 31, 2013 and 2012, contributions receivable from the Grant were approximately \$2.0 million and \$2.8 million, respectively.

On June 24, 2013, the Department of Commerce's Economic Development Administration ("EDA") approved a Financial Assistance Award for \$1,000,000 to Foundation in order to support the design and engineering efforts for Tech Park's biomedical research and technology commercialization center in El Paso, Texas ("Cardwell Collaborative") (Note 5). The Award is subject to certain conditions, including a non-federal cash contribution match of approximately 25% by Foundation which has been met. Revenue is recognized on a reimbursement basis only to the extent of eligible costs incurred. As of December 31, 2013, approximately \$493,000 has been reimbursed by the EDA.

**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

**4. CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Grant receivable	\$ 1,963,013	2,772,870
Unconditional promises to give	537,035	365,215
Other receivables	60	1,377
	<u>2,500,108</u>	<u>3,139,462</u>
Less: Allowance for doubtful pledges	(5,000)	(5,000)
	<u>\$ 2,495,108</u>	<u>3,134,462</u>

Unconditional promises to give, net of discount to present value at rates ranging from 1.5% to 6.15%, consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unconditional promises to give before unamortized discount	\$ 601,725	435,000
Less: Unamortized discount	<u>(64,690)</u>	<u>(69,785)</u>
	<u>\$ 537,035</u>	<u>365,215</u>

The discount will be recognized as contribution income in years 2014 to 2017 as the discount is amortized using an effective yield over the duration of the pledge.

Contributions receivable at December 31 are due as follows:

	<u>2013</u>	<u>2012</u>
Amounts due in:		
Less than one year	\$ 2,157,288	2,930,370
One to two years	163,550	128,500
Two to three years	114,550	99,000
Three to four years	64,550	50,000
Four to five years	<u>64,800</u>	<u>—</u>
	<u>\$ 2,564,738</u>	<u>3,207,870</u>



**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

**5. CARDWELL COLLABORATIVE**

In February 2013, Tech Park began the planning and design of an approximately 80,000-square foot life sciences research and technology building, the Cardwell Collaborative, as the anchor for the development of a 13-acre life sciences research and technology park in the Medical Center of the Americas campus. The Cardwell Collaborative will house office suites, researcher offices and core research space, incubator space and wet and dry laboratories, including biosafety level 3. Major tenants for the Cardwell Collaborative are expected to be the City of El Paso Health Lab, Texas Tech University Health Sciences Center El Paso and Foundation.

Project cost for the Cardwell Collaborative is estimated at approximately \$36.5 million with construction expected to begin in May 2014 and completion in October 2015, of which approximately \$1.6 million has been incurred and is reflected in construction in progress at December 31, 2013 (Note 6). Funding for the Cardwell Collaborative will be provided through a combination of loans, government grant (Note 3) and a capital campaign with private donors with the intent of raising \$10 million over a two-year period.

During 2013, MCA raised approximately \$6.5 million in unconditional pledges and contributions toward such capital campaign goal from a government grant and twelve individual and corporate donors. At December 31, 2013, contributions receivable restricted to investment in property and equipment in the accompanying Consolidated Statements of Financial Condition are as follows:

	<u><b>2013</b></u>
Unconditional promises to give before unamortized discount	\$ 5,685,275
Less: Unamortized discount	<u>(231,225)</u>
	<u>\$ 5,454,050</u>

These unconditional capital campaign contributions receivable are expected to be collected as follows:

	<u><b>2013</b></u>
Amounts due in:	
Less than one year	\$ 1,154,725
One to two years	1,131,450
Two to three years	1,131,450
Three to four years	1,131,450
Four to five years	<u>1,136,200</u>
	<u>\$ 5,685,275</u>

Amounts due in more than one year have been discounted to net present value using discount rates ranging from 1.3 percent to 2.0 percent. The discount will be recognized as contribution income

**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

in years 2014 through 2020 as the discount is amortized using an effective yield over the duration of the pledges. Except for one individual pledge, contributions receivable are individually less than 10 percent of total contributions receivable at December 31, 2013 and are not considered a significant concentration of credit risk.

During 2013, Tech Park signed a commitment letter with a lending group of local banks to possibly provide up to \$30.3 million in financing for the Cardwell Collaborative in the form of interim construction and mini-permanent financing loans.

**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	Estimated Useful Life (Years)	<u>2013</u>	<u>2012</u>
Land	-	\$ 170,000	170,000
Building & improvements	15 - 40	462,545	458,345
Furniture & fixtures	3 - 5	6,695	6,695
Computer equipment	3	94,794	21,715
Other office equipment	5	36,421	1,854
		<u>770,455</u>	<u>658,609</u>
Less: accumulated depreciation		<u>(70,765)</u>	<u>(40,261)</u>
Construction-in-progress		<u>1,610,489</u>	<u>—</u>
		<u>\$ 2,310,179</u>	<u>618,348</u>

Amounts related to the Cardwell Collaborative (Note 5) are reflected in construction-in-progress at December 31, 2013.

Depreciation expense for the years ended December 31, 2013 and 2012 was \$30,504 and \$19,430, respectively, and has been allocated to programs and supporting activities in the accompanying Consolidated Statements of Activities.

**7. CONTRIBUTIONS PAYABLE**

In June 2012, the Foundation entered into the Nursing School Facility Funding Agreement ("Funding Agreement") with Texas Tech University Health Sciences Center (TTUHSC) to facilitate the development and construction of a new building within the MCA area to house the Gayle Greve Hunt School of Nursing as one of the projects contemplated under Foundation's Grant with the City of El Paso. Amounts under the Funding Agreement are payable in eighteen annual installments of \$612,000 each through December 31, 2029, totaling \$11,016,000. The annual payments are subject to annual appropriation of funds under the Grant Agreement and satisfaction



**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

of the conditions of the Funding Agreement, as specified therein. It is Foundation's intent that amounts reflected as grants payable in the accompanying Consolidated Statements of Financial Position will be fulfilled in 2014.

**8. LONG-TERM DEBT**

As of December 31, 2013 and 2012, long-term debt consisted of the following:

	<u>2013</u>	<u>2012</u>
Note payable to bank	\$ 549,364	568,049
Less: Current portion	<u>(19,890)</u>	<u>(18,793)</u>
Noncurrent portion	<u>\$ 529,474</u>	<u>549,256</u>

Note payable to bank bears interest at 6.15 percent per annum with monthly payments of \$4,465 through April 2030, collateralized by a building (Note 6). The interest is adjustable to the Federal Home Bank rate plus 2 percent in April 2020.

Maturities of long-term debt are as follows:

Year ending December 31,	
2014	\$ 19,890
2015	21,165
2016	22,433
2017	23,963
2018	25,500
Thereafter	<u>436,413</u>
	<u>\$ 549,364</u>

**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

**9. NATURAL CLASSIFICATION OF EXPENSES**

MCA operating expenses are reported in the Consolidated Statements of Activities by functional classification. Operating expenses by their natural classification were as follows for the years ended December 31, 2013 and 2012:

	Programs			Management and General	Fundraising	2013 Total	2012 Total
	Biomedical Cluster	Infrastructure	Other				
Salaries	\$ 522,886	145,317	18,353	184,447	17,126	888,129	357,598
Employee benefits	24,880	4,063	1,645	10,170	52	40,810	13,261
Payroll taxes	36,665	9,438	1,359	12,162	1,089	60,713	26,710
Total salaries and related expenses	584,431	158,818	21,357	206,779	18,267	989,652	397,569
Personnel-related expenses	94,976	9,974	303	12,127	3,864	121,244	21,810
Professional and contract services	39,021	62,749	248	26,866	1,038	129,922	581,263
Office expense	34,491	7,584	554	10,976	276	53,881	21,932
Other administrative expense	28,067	8,281	3,675	15,308	7,133	62,464	32,600
Contributions expense	—	612,000	—	—	—	612,000	1,224,000
Building expense	—	789	—	—	—	789	350
Special event expense	58,699	—	—	—	—	58,699	—
Depreciation	11,247	13,336	301	5,620	—	30,504	19,430
Insurance	1,769	5,452	14	2,219	—	9,454	10,051
Donated goods and services	5,377	11,543	5,840	8,294	—	31,054	42,329
Interest	—	34,895	—	—	—	34,895	36,118
Total expenses reported by function on the Statement of Activities	\$ 858,078	925,421	32,292	288,189	30,578	2,134,558	2,387,452

**10. DONATED MATERIALS, EQUIPMENT AND SERVICES**

MCA received in-kind revenue during 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Marketing	\$ 5,840	10,845
Internet costs & IT services	6,921	4,308
Legal and professional	16,182	24,688
Supplies and other	2,111	2,488
	<u>\$ 31,054</u>	<u>42,329</u>

**11. RENTAL REVENUE**

During 2010, MCAR entered into an agreement whereby it leases a building to TTUHSC for 48 months at \$8,415 per month. The lease contains four, 48-month renewal options. TTUHSC has indicated their intent to exercise the first renewal option in 2014. Minimum rentals under the lease agreement at December 31, 2013 are \$25,245.

**MCAMERICAS HOLDINGS, INC.  
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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

**12. COMMITMENTS AND CONTINGENCIES**

At December 31, 2013, Tech Park has outstanding commitments for construction and other related capital contracts of approximately \$4 million in connection with the Cardwell Collaborative (Note 5). There were no outstanding commitments for construction at December 31, 2012.

Foundation and BMIA lease office space under operating leases aggregating \$7,679 per month that expire July 2015. Rental expense was \$53,692 and \$21,689 for the years ended December 31, 2013 and 2012, respectively.

The minimum rentals under the lease agreements are as follows:

Year ending December 31,	
2014	\$ 92,148
2015	<u>53,753</u>
	<u>\$ 145,901</u>

**13. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Operating purposes	\$ 4,621,677	4,033,057
Investment in property and equipment	<u>6,022,056</u>	<u>—</u>
	<u>\$ 10,643,733</u>	<u>4,033,057</u>

**14. INCOME TAXES**

At December 31, 2013 and 2012, BMIA has available net operating loss carry-forwards of approximately \$1,400,000 and \$300,000, respectively, which expire in 2021 and 2020. The federal carry-forwards resulted from losses generated in 2013 and 2012.

**15. RELATED PARTY TRANSACTIONS**

MCA bylaws incorporate a conflict of interest policy. The purpose of this is to protect MCA's interests when it is contemplating a transaction or arrangement that might benefit the private interest of a member of its Board of Directors or officers. A person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists. All members of the Board, officers and professional staff complete a conflict of interest document when joining MCA as well as annually, when changes occur, or when business interests change.

A member of the Board of Directors is also a shareholder in one of the participating banks that are

**MCAMERICAS HOLDINGS, INC.  
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**Notes to Consolidated Financial Statements**

**December 31, 2013 and 2012**

expected to provide financing for the Cardwell Collaborative (Note 5).

During 2013 and 2012, contributions from certain members of the Board and entities with common board members totaled approximately \$10,000 and \$10,500, respectively. Undiscounted pledges and contributions receivable from such related parties were approximately \$547,500 and \$227,000 as of December 31, 2013 and 2012, respectively.

**16. SUBSEQUENT EVENT**

Subsequent to December 31, 2013, Tech Park approved a guaranteed maximum price contract with J. T. Vaughn Construction LLC for the construction of the Cardwell Collaborative in the amount of approximately \$28.5 million (Notes 5 and 12).

**MCAMERICAS HOLDINGS, INC.  
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Consolidating Statement of Financial Position

December 31, 2013

	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	Bio Medical Institute of the Americas, Inc.	MCA Tech Park, Inc.	Eliminations	Consolidated
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 1,656,983	1,000	25,890	1,000	252,843	—	1,937,716
Short term investments	253,215	—	—	—	253,931	—	507,146
Contributions receivable	5,478,569	650	—	—	3,889	(2,988,000)	2,495,108
Prepaid expenses and other current assets	11,179	—	857	7,291	294	—	19,621
Total current assets	7,399,946	1,650	26,747	8,291	510,957	(2,988,000)	4,959,591
Non-current assets:							
Cash restricted to investment in property and equipment	74,812	—	—	—	—	—	74,812
Contributions restricted to investment in property and equipment	5,454,050	—	—	—	—	—	5,454,050
Property and equipment, net	112,466	—	587,224	—	1,610,489	—	2,310,179
Total assets	\$ 13,041,274	1,650	613,971	8,291	2,121,446	(2,988,000)	12,798,632
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable	\$ 50,670	1,650	5,295	1,161,559	2,115,672	(2,988,000)	346,846
Accrued expenses and other liabilities	74,014	—	—	5,722	—	—	79,736
Contributions payable	612,000	—	—	—	—	—	612,000
Current portion of long-term debt	—	—	19,890	—	—	—	19,890
Total current liabilities	736,684	1,650	25,185	1,167,281	2,115,672	(2,988,000)	1,058,472
Long-term debt	—	—	529,474	—	—	—	529,474
Total liabilities	736,684	1,650	554,659	1,167,281	2,115,672	(2,988,000)	1,587,946
Net assets:							
Unrestricted	1,660,857	—	59,312	(1,158,990)	5,774	—	566,953
Temporarily restricted	10,643,733	—	—	—	—	—	10,643,733
Total net assets	12,304,590	—	59,312	(1,158,990)	5,774	—	11,210,686
Total liabilities and net assets	\$ 13,041,274	1,650	613,971	8,291	2,121,446	(2,988,000)	12,798,632

See accompanying notes to consolidated financial statements



**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Consolidating Statement of Financial Position

December 31, 2012

	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	BioMedical Institute of the Americas, Inc.	MCA Tech Park, Inc.	Eliminations	Consolidated
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 1,112,411	1,000	15,747	1,000	3,395	—	1,133,553
Short term investments	—	—	—	—	503,140	—	503,140
Contributions and accounts receivable	3,645,527	—	—	6,697	—	(517,762)	3,134,462
Prepaid expenses and other current assets	1,996	—	940	—	—	—	2,936
Total current assets	4,759,934	1,000	16,687	7,697	506,535	(517,762)	4,774,091
Property and equipment, net	21,987	—	596,361	—	—	—	618,348
Total assets	\$ 4,781,921	1,000	613,048	7,697	506,535	(517,762)	5,392,439
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable	\$ 16,392	1,000	6,250	7,697	503,395	(517,762)	16,972
Accrued expenses and other liabilities	16,795	—	—	—	—	—	16,795
Contributions payable	612,000	—	—	—	—	—	612,000
Current portion of long-term debt	—	—	18,793	—	—	—	18,793
Total current liabilities	645,187	1,000	25,043	7,697	503,395	(517,762)	664,560
Long-term debt	—	—	549,256	—	—	—	549,256
Total liabilities	645,187	1,000	574,299	7,697	503,395	(517,762)	1,213,816
Net assets:							
Unrestricted	103,677	—	38,749	—	3,140	—	145,566
Temporarily restricted	4,033,057	—	—	—	—	—	4,033,057
Total net assets	4,136,734	—	38,749	—	3,140	—	4,178,623
Total liabilities and net assets	\$ 4,781,921	1,000	613,048	7,697	506,535	(517,762)	5,392,439

See accompanying notes to consolidated financial statements.

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**  
Consolidating Statement of Activities  
For the Year Ended December 31, 2013

	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	BioMedical Institute of the Americas, Inc.	MCA Tech Park, Inc.	Eliminations	Consolidated
<b>Unrestricted net assets</b>							
Changes in unrestricted net assets:							
Revenue and support:							
Contributions	\$ 34,954	—	—	—	—	—	34,954
Grant	—	10,358	—	(302,647)	183,221	109,068	—
In-kind donations	17,859	253	2,690	1,399	8,853	—	31,054
Management fees	327,000	—	—	—	—	(327,000)	—
Rent	—	—	100,980	—	—	—	100,980
Interest	37,267	—	—	—	2,634	(34,933)	4,968
Other	43,955	—	—	—	—	—	43,955
Total revenue and other support	461,035	10,611	103,670	(301,248)	194,708	(252,865)	215,911
Net assets released from restriction	2,340,034	—	—	—	—	—	2,340,034
Total	2,801,069	10,611	103,670	(301,248)	194,708	(252,865)	2,555,945
Expenses:							
Programs:							
Biomedical Cluster	(88,577)	—	—	857,741	—	88,914	858,078
Infrastructure	981,657	—	83,110	—	192,074	(331,420)	925,421
Other	32,292	—	—	—	—	—	32,292
Management and general	287,937	10,611	—	—	—	(10,359)	288,189
Fundraising	30,578	—	—	—	—	—	30,578
Total expenses	1,243,887	10,611	83,110	857,741	192,074	(252,865)	2,134,558
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	1,557,182	—	20,560	(1,158,989)	2,634	—	421,387
<b>Temporarily restricted net assets</b>							
Changes in temporarily restricted net assets:							
Grants	3,110,544	—	—	—	—	—	3,110,544
Contributions	311,303	—	—	—	—	—	311,303
Contributions restricted to investment in property and equipment	5,528,863	—	—	—	—	—	5,528,863
Grants and contributions released from restrictions	(2,340,034)	—	—	—	—	—	(2,340,034)
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	6,610,676	—	—	—	—	—	6,610,676
<b>TOTAL INCREASE IN NET ASSETS</b>	8,167,858	—	20,560	(1,158,989)	2,634	—	7,032,063
<b>NET ASSETS, Beginning of year</b>	4,136,731	—	38,752	—	3,140	—	4,178,623
<b>NET ASSETS, End of year</b>	\$ 12,304,589	—	59,312	(1,158,989)	5,774	—	11,210,686

See accompanying notes to consolidated financial statements.

**MCAMERICAS HOLDINGS, INC.  
AND SUBSIDIARIES**

Consolidating Statement of Activities

For the Year Ended December 31, 2012

	Medical Center of the Americas Foundation	MCAmericas Holdings, Inc.	MCAmericas Realty, Inc.	BioMedical Institute of the Americas, Inc.	MCA Tech Park, Inc.	Eliminations	Consolidated
<b>Unrestricted net assets</b>							
Changes in unrestricted net assets:							
Support and revenue							
Contributions	\$ 42,673	—	—	—	—	—	42,673
Grants	—	25,779	—	302,647	195,089	(523,515)	—
In-kind donations	32,902	4,074	681	838	3,834	—	42,329
Management fees	33,333	—	—	—	—	(33,333)	—
Rent	—	—	100,980	—	—	—	100,980
Interest	3,568	—	2	—	3,140	—	6,710
Other	477	—	—	—	—	—	477
Total revenue and other support	112,953	29,853	101,663	303,485	202,063	(556,848)	193,169
Net assets released from restriction	2,246,074	—	—	—	—	—	2,246,074
Total	2,359,027	29,853	101,663	303,485	202,063	(556,848)	2,439,243
Expenses:							
Programs:							
Biomedical Cluster	87,521	—	—	303,485	—	(8,333)	382,673
Infrastructure	1,330,918	—	73,730	—	176,468	(25,000)	1,556,116
Other	567,358	—	—	—	—	(523,515)	43,843
Management and general	369,468	29,853	—	—	—	—	399,321
Fundraising	5,499	—	—	—	—	—	5,499
Total expenses	2,360,764	29,853	73,730	303,485	176,468	(556,848)	2,387,452
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	(1,737)	—	27,933	—	25,595	—	51,791
<b>Temporarily restricted net assets</b>							
Changes in temporarily restricted net assets:							
Grant	5,772,870	—	—	—	—	—	5,772,870
Grant and contributions released from restrictions	(2,246,074)	—	—	—	—	—	(2,246,074)
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	3,526,796	—	—	—	—	—	3,526,796
<b>TOTAL INCREASE IN NET ASSETS</b>	3,525,059	—	27,933	—	25,595	—	3,578,587
<b>NET ASSETS, Beginning of year</b>	611,672	—	10,819	—	(22,455)	—	600,036
<b>NET ASSETS, End of year</b>	\$ 4,136,731	—	38,752	—	3,140	—	4,178,623

See accompanying notes to consolidated financial statements.









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