



TRANSFORMATIVE  POWER

MAYO CLINIC 2012 ANNUAL REPORT

Mayo Clinic is the first and largest integrated, not-for-profit medical group practice in the world. Doctors from every medical specialty work together to care for patients, united by a common philosophy that *the needs of the patient come first*. More than 4,000 physicians and scientists and 53,600 allied health staff provide innovative health care across Mayo campuses in Rochester, Minn., Jacksonville, Fla., Scottsdale, Ariz., and 70 other communities in Iowa, Minnesota, Georgia and Wisconsin. These Mayo sites cared for more than 1 million patients in 2012.

OUR MISSION

To inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinical practice, education and research.

We have much to celebrate today. The Mayo Clinic legacy of innovation, collaboration, adaptability and always putting the patient first is alive and well. However, health care is at a crossroads.

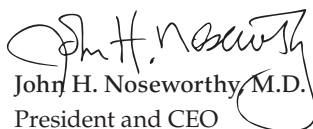
Today, we face both immense challenges — rising health care costs, an aging population, declining reimbursement and a fragmented system — and immense opportunities, which include breakthroughs in technology, genetic science and regenerative medicine.

Through partnerships with visionary benefactors and the community, Mayo Clinic is pioneering a new future for health care, one where we can affordably tailor treatment to a patient's genetic code and harvest skin cells to grow whole new organs for patients with incurable disease.



At Mayo Clinic today, benefactor support has profound, transformative power — perhaps more so than at any other time in history. In 2012, philanthropy provided about a third of Mayo Clinic's net operating income. These gifts mean hope and provide healing.

As we build the future together, our culture, values and focus on the patient will not change. Rather, Mayo Clinic will succeed because of our shared purpose, commitment to one another and resolve to work together.


John H. Noseworthy, M.D.
President and CEO

PRACTICE

In 2012, 1,165,000 patients came from more than 135 countries to find trusted answers. Last year, Mayo Clinic built on a nearly 150-year tradition of continually striving to provide safer, better and more efficient care for every patient.

▶ Sharing the Mayo Clinic Model of Care

Our guiding principle is the Mayo Clinic Model of Care, which focuses a team of experts on one patient at a time. Through this model, we live our values of collaboration, compassion and innovation to inspire hope.

In 2012, the Mayo Clinic Model of Care prompted a number of organizations that rank the nation's hospitals on patient safety, outcomes and satisfaction to again name Mayo Clinic as one of the best in the country.

Leapfrog is a highly regarded independent organization that compares safety, quality and efficiency at hospitals across the country. It named Mayo Clinic a

Top Hospital. The University HealthSystem Consortium awarded us a Quality Leadership Award, making Mayo one of only 10 institutions to receive the award.

U.S. News & World Report ranked Mayo Clinic No. 1 in the nation in:

- Diabetes and Endocrinology
- Gastroenterology
- Gynecology

It also ranked Mayo in the top four in 11 other specialties: cancer, neurology and neurosurgery, orthopedics, pulmonology, rheumatology, nephrology, urology, and cardiology and heart surgery.

2012 MILESTONES



Mayo Clinic in Arizona

celebrates 25th year. Mayo Clinic in Arizona now spans two campuses, comprising a specialty clinic, housing for transplant and cancer patients as well as leased space for a child care center, a hospice and a hotel. Arizona health care staff attended to patient needs during 438,400 visits.

Enhancing Connection

In 2012, Mayo Clinic developed new mobile apps to help patients connect with their health care provider and each other.



Anxiety Coach helps people cope with a variety of fears and worries, from extreme shyness to obsessions and compulsions.



Mayo Clinic Patient offers patients access to the latest news, publications and health information from Mayo Clinic, including their personal medical record and appointment schedule.



Mayo Clinic Health Community gives patients access to an online community of others with similar health interests. Patients can share stories and learn from others about dealing with diseases and conditions.



Mayo Clinic on Pregnancy leverages the medical and lifestyle expertise of Mayo to guide parents through pregnancy, childbirth and baby's first three months.

Reaches 3.3 million patients around world.

Mayo Clinic Care Network expanded to 14 care centers throughout the United States and world, improving health care delivery in local communities through data-driven, evidence-based medical care. The network is a growth priority for Mayo Clinic.

Mayo Clinic in Florida completes 2,500th liver transplant.

Since its inception in 1998, the Mayo Clinic in Florida program has become one of the nation's most trusted sources for liver transplant, delivering more lifesaving treatments than anyone else. Our median wait times are among the lowest in the nation. Our survival rates are among the highest.

Mayo Clinic Health System marks 20th anniversary.

What began as a partnership between Mayo Clinic and a six-physician practice in Decorah, Iowa, has grown to provide expertise and wellness in 70 communities across Iowa, Minnesota, Georgia and Wisconsin.

EDUCATION

Students study at Mayo Clinic for one simple reason: they want to provide the best care possible to patients. Through five schools of education, Mayo trains tomorrow's doctors and researchers and helps today's health care providers become even better.

› Shaping the Future of Medicine

Mayo Clinic education is the crucible for developing the hearts and minds of teachers and students who dedicate themselves to putting the needs of the patient first, enhancing medical science and shaping the future practice of medicine.

We are educating students in patient-centered, science-driven, team-based, high-value health care. We accomplish this through accelerating research, advancing basic science, sharing knowledge, developing leaders to transform health care delivery

and concentrating on the overall health of a community.

For our students a Mayo education is a catalyst to learn from and collaborate with leading professors, investigators and care givers who make Mayo Clinic an incubator for innovative ideas and discoveries.

Benefactors ensure we continue to perpetuate an aspirational environment for future leaders and a venue where we live our values to benefit the greater good.

2012 MILESTONES

Expanded model for medical education. We developed curriculum for Mayo Medical School's master's degree in the Science of Health Care Delivery, which will help clinicians apply systems engineering principles to health care.

Trained tomorrow's leaders. Last year, 2,608 students graduated from Mayo's four degree-granting schools. These students, trained in the Mayo Clinic Model of Care, become medical leaders throughout America and around the world.

Spread expertise around the world. Mayo Clinic sent resident physicians to 16 underserved countries to share the Mayo Clinic Model of Care and strengthen health care systems that have very few resources.



J. Wayne and Delores Barr Weaver supported an innovative simulation center at Mayo Clinic in Florida to improve health care in their community.

Better Training = Better Outcomes

More than 85 years ago, Dr. William Mayo said, “There is no excuse today to learn on the patient.” In 2012, Mayo Clinic partnered with J. Wayne and Delores Barr Weaver to take that idea a step further.

With a \$7 million gift, they established the J. Wayne and Delores Barr Weaver Simulation Center at Mayo Clinic’s Jacksonville, Fla., campus. The facility is filled with state-of-the-art simulation equipment so students can learn from their mistakes in a safe environment.

Some “patients” are advanced mannequins that talk, sweat, bleed, change pupil size and

exhibit medical symptoms that may occur with a variety of conditions, from heart trouble to dehydration. With robotic technology we can simulate surgery, colonoscopy, complex laparoscopic surgery, ultrasound, fluoroscopy and other techniques.

Simulation training results:

- Improved patient outcomes.
- Better leadership in crisis management.
- Improved skills to communicate with patients in difficult situations.

RESEARCH

At Mayo Clinic, patients can always find an expert who is familiar with their condition, no matter how rare. We continue our quest for the next breakthrough and to quicken the pace of translating discoveries to patient care.

› Strong Partnerships Build Cutting-edge Care

Mayo Clinic doctors work with nurses, scientists and patients to direct studies in nearly every field of medicine. They conduct basic, translational, clinical and population studies throughout the organization.

And benefactors help make it possible. They focus their gifts to develop new and better diagnostic tools, medications, devices and more. The results: *More hope. New answers. Improved care. Better health.*

\$633.5 million
TOTAL RESEARCH FUNDING

3,330
RESEARCH PERSONNEL*

11,000
PATIENTS PARTICIPATED IN
CLINICAL TRIALS

8,968
ACTIVE RESEARCH STUDIES

*Full Time

2012 MILESTONES



Developed stronger links between patient and physician. The FDA cleared the BodyGuardian Remote Monitoring System, a Mayo-invented device that allows physicians to monitor key biometrics — ECG, heart rate, respiration rate, activity level — of patients as they go about their daily lives. The constant connection improves care for patients with chronic conditions such as diabetes.



New Diagnostic for Those With Recurrent Prostate Cancer

Mayo Clinic is the first facility approved by the U.S. Food and Drug Administration (FDA) to produce and administer Choline C-11 Injection. It produces an image that can reveal suspected sites of recurrent prostate cancer earlier than conventional imaging techniques.

Until this technology became available, determining how to treat recurrent prostate cancer could be a guessing game as physicians couldn't determine the cancer location. Even if

a traditional PET scan revealed a mass early, it was difficult to identify the mass. Choline C-11 Injection gives doctors essential information so they can react more quickly and craft targeted therapies.

By partnering with committed benefactors, researchers are working to adapt this technology for all forms of cancer and other diseases, such as Alzheimer's.

Proved telemedicine works. If a person in rural Arizona has a stroke, Mayo Clinic doctors can use telemedicine to deliver care remotely and provide access to neurology experts. Researchers have proven this treatment as more effective and less costly for rural hospitals that lack around-the-clock neurologists or stroke experts.

Prevented infections. By studying each step of the patient's journey through colorectal surgery, a Mayo Clinic team reduced surgical site infection rates by almost half. By joining its findings with a nationwide collaborative, Mayo and its partners saved an estimated \$3.7 million by preventing 135 colorectal surgical site infections.

AN INNOVATIVE FUTURE

Because of visionary benefactors, Mayo Clinic continues to chart an ambitious course. Our benefactors helped us harness groundbreaking research through three essential priorities that shape the future of health care in America and across the globe.

Center for Individualized Medicine

Medicine often looks at everyone the same way. Treatments are aimed at the masses, not tailored to the individual. At the Mayo Clinic Center for Individualized Medicine, we're using the human genome to determine your unique genetic profile, revealing the many layers of individual health to understand you at a molecular level. With this detail, we can pinpoint problems, personalize treatments and even prevent diseases before they happen.

HIGHLIGHTS + ACHIEVEMENTS

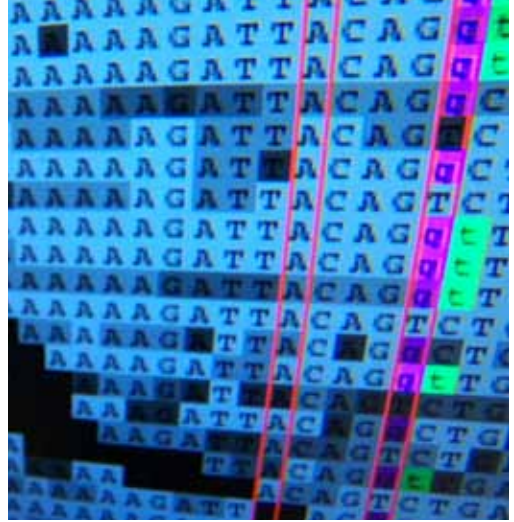
- ▶ In September, Mayo Clinic opened the Individualized Medicine Clinic, offering genome-guided diagnosis and therapy to patients with advanced cancer and difficult-to-diagnose conditions.
- ▶ The center embedded drug-gene interaction information into patient electronic medical records, a major step toward maximizing medication effectiveness and minimizing side effects.
- ▶ Researchers initiated new genomic-based clinical trials to guide therapy for several diseases, including breast and prostate cancer and coronary artery disease.

Center for Regenerative Medicine

Mayo Clinic is applying its world-class expertise and resources to unleash the power and promise of regenerative healing. By harnessing the body's ability to replace, rejuvenate and regenerate cells, tissues and organs, regenerative medicine promises to fundamentally change medicine and surgery by developing true cures and affordable health care solutions.

HIGHLIGHTS + ACHIEVEMENTS

- ▶ Patients have a new access point to Mayo Clinic experts and clinical trial information through the center's Regenerative Medicine Consult Service, which tracks regenerative medicine trials happening throughout the country, and even the world.
- ▶ The Center for Regenerative Medicine Biotrust, a resource for collecting, processing and storing biospecimens, opened in 2012 and serves as the conduit between patients and regenerative medicine research and therapies.
- ▶ Researchers pioneered a method to detect and eliminate potentially troublemaking stem cells to make regenerative medicine therapy safer.



Center for the Science of Health Care Delivery

Health care leaders have a responsibility to reduce costs of treatment, eliminate medical error and offer preventive health strategies. Success requires data analysis, engineering principles and scientific rigor as well as a history of proven results translated into patient-centered care. Mayo Clinic achieves these goals at its Center for the Science of Health Care Delivery, where we define and develop evidence-based care models that enhance and extend the lives of patients.

HIGHLIGHTS + ACHIEVEMENTS

- In December, Mayo Clinic announced its founding membership in Optum Labs, an open research collaboration focused on exploring data-driven solutions to health care challenges.
- The center began creating new efficiencies in emergency rooms with its innovative “YES” board, a system that integrates vital patient data points from all ER patients, displaying at-a-glance information on emergency room monitors.
- Through a project directed by the Joint Commission Center for Transforming Healthcare, Mayo Clinic and six other U.S. health care systems used process improvement strategies to reduce infections after colorectal surgeries by nearly one-third, saving more than \$3.7 million.



FINANCIALS

Mayo Clinic reports a solid performance in 2012 and plans for growth in services and programs to meet the needs of tomorrow's patients in new and creative ways.

Consolidated Statements of Activities

Years Ended Dec. 31, 2012 and 2011 (In Millions)

Revenue, gains and other support	2012	2011
Net medical service revenue	\$ 7,484.7	\$ 6,983.6
Grants and contracts	384.7	368.5
Investment return allocated to current activities	154.7	144.6
Contributions available for current activities	158.0	254.7
Premium revenue	113.0	108.5
Other	548.8	458.3
Total revenue, gains and other support	8,843.9	8,318.2
Expenses		
Salaries and benefits	5,608.6	5,141.3
Supplies and services	2,127.3	1,899.8
Facilities	650.0	614.6
Finance and investment	62.6	52.3
Total expenses	8,448.5	7,708.0
Income from current activities	395.4	610.2
Noncurrent and other items		
Contributions not available for current activities – <i>net</i>	72.7	55.6
Unallocated investment return – <i>net</i>	310.6	(9.0)
Income tax expense	(23.7)	(22.9)
Contribution received from affiliation	104.8	16.2
Other	(0.4)	0.4
Total noncurrent and other items	464.0	40.3
Increase (decrease) in net assets before other changes in net assets	859.4	650.5
Pension and other postretirement benefit adjustments	(902.5)	(734.9)
Increase (decrease) in net assets	(43.1)	(84.4)
Net assets at beginning of year	4,729.4	4,813.8
Net assets at end of year	\$ 4,686.3	\$ 4,729.4

Consolidated Statements of Financial Position Years Ended Dec. 31, 2012 and 2011 (In Millions)

Assets	2012	2011
Cash and cash equivalents	\$ 59.6	\$ 141.3
Accounts receivable for medical services – <i>net</i>	1,327.6	1,422.4
Investments – <i>at market</i>	5,260.7	4,237.4
Other assets	894.1	828.8
Property, plant and equipment – <i>net</i>	3,773.6	3,499.0
Total assets	\$ 11,315.6	\$ 10,128.9
Liabilities and Net Assets		
Accounts payable and current liabilities	\$ 1,584.8	\$ 1,459.3
Long-term debt	2,102.0	1,631.9
Other long-term liabilities	2,942.5	2,308.3
Net assets	4,686.3	4,729.4
Total liabilities and net assets	\$ 11,315.6	\$ 10,128.9

Mayo Clinic Services and People

2012

Measures of Service

Total clinic patients*	1,165,000
Hospital admissions	131,000
Hospital days of patient care	626,000

Number of Personnel

(including temporary and supplemental employees)

Staff physicians and medical scientists	4,100
Allied health	53,600
Residents, fellows and students	3,400
Total	61,100

* Individual patients are counted once annually

This summary is intended to present a brief review of Mayo Clinic's financial condition and activities for 2012 compared with 2011. The Consolidated Financial Statements of Mayo Clinic for the years ended Dec. 31, 2012 and 2011, were examined by McGladrey & Pullen, LLP.

A copy of their report and Mayo Clinic's financial statement can be obtained by writing to:

Treasurer, Mayo Clinic
Rochester, MN 55905

Mayo Clinic experienced strong revenue growth in 2012 despite another challenging economic environment.

- Mayo Clinic built on its solid 2011 financial performance, ending 2012 with total income from operating activity of \$395 million, which translates as 4.5 percent operating margin and aligns with the clinic's long-term objectives.
- Compared to 2011, revenues grew by 6.3 percent to \$8.8 billion while expenses grew by 9.6 percent to \$8.4 billion.
- Funding for education and research programs totaled \$885 million, with Mayo Clinic investing \$452 million.
- Benefactors, primarily grateful patients, contributed \$361 million (includes trusts, estates and other future commitments) to fund Mayo Clinic programs in practice, education and research.
- Grateful patients and committed benefactors gave Mayo Clinic about 750 philanthropic gifts per workday, totaling 191,619 gifts in 2012.

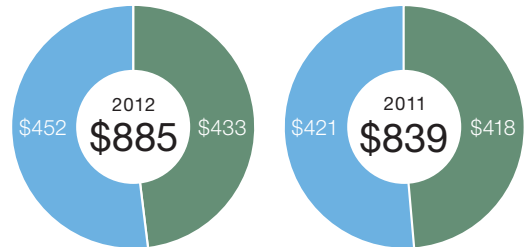
Responsible Stewardship

Mayo Clinic ensures benefactor dollars have the largest impact on patient care possible by keeping our fundraising costs low. In 2012, we spent 11 cents to raise \$1, making us one of the most efficient academic medical institutions in the country. According to the latest data available, our peer institutions spend 22 percent more.

Research + Education Funding

(in Millions)

- Mayo Clinic Funds + Benefactor Gifts
- Extramural Funds



Investment Performance

Mayo Clinic's sound investment strategy has outperformed benchmarks for several years in a row, even during the bleakest moments of the recent financial downturn. This success gives Mayo Clinic a solid foundation to plan for the future. A strong endowment also gives researchers dependable resources as they develop strategies to discover new treatments and cures.

In 2012, return on investments supplied \$155 million in support of research, education and operations.

Investment Performance (Annualized Return)

	ONE-YEAR	THREE-YEAR	TEN-YEAR
General Fund	12.1%	9.6%	10.5%
Benchmark	10.1%	8.9%	7.3%

BENEFIT TO OUR GREATER COMMUNITY

Social

Mayo Clinic believes that everyone should have access to high-quality affordable health care. We work toward this goal by creating the highest-value health care delivery models. We also share our discoveries and knowledge broadly to benefit people everywhere.

Mayo Clinic is dedicated to serving all patients who need our care. Approximately half of our medical services are for Medicare patients and patients in other government programs. In 2012, our benefit to the broader community included \$1.6 billion in services that went unpaid through Medicare, Medicaid or other senior and indigent care programs. We also provided an additional \$83.4 million in charity care to patients in significant financial need.

In 2012, Mayo Clinic invested more than \$2.5 million into hundreds of local

community efforts near our locations to strengthen health and wellness, education, youth enrichment, workforce development, human services and other emerging needs.

Economic

Mayo Clinic has provided a destination for hope and healing for almost 150 years. But our impact on our communities is much wider. In 2012, Mayo Clinic:

- Directly and indirectly supported more than 144,468 jobs.
- Served as a global resource, with patients coming to Mayo Clinic from 135 countries for diagnosis and treatment of complex medical conditions.
- Employed more than 49,500 people regionally (61,100 people nationally), making Mayo Clinic the largest private employer in Minnesota.

Environmental Stewardship

We are committed to operating efficiently and minimizing our impact on the environment. Last year, Mayo Clinic worked across sites to develop a first-ever scorecard to benchmark, streamline and continuously improve our performance in energy usage, waste management and supply chain practices.



A Committed Culture

People from all over the world come to Mayo Clinic because they know we'll listen to their needs. Every one of our 61,100 employees — parking attendants, café cashiers, nurses, doctors — understands that patients aren't just a number, that they are here for very personal reasons and need trusted answers.

When we ensure the stability of our employees, we ensure the quality of our services and the care to our patients. In 2012 Mayo Clinic contributed \$484 million to the employee pension plan. A strong pension ensures that the people who dedicated their lives to helping others have the ability to enjoy healthy, stable retirements.

Our commitment to employees earned us a place on *Fortune's* "100 Best Companies to Work For" list in 2012. This marks Mayo's 10th consecutive year for this recognition, which is compiled from information supplied by the employees themselves.



“Our commitment to the needs of our patients will always remain the core of Mayo Clinic’s identity. Our staff strives to deliver that promise to every patient, every day.”

— John H. Noseworthy, M.D.
President and CEO



To learn more about supporting Mayo Clinic’s mission and to view the 2012 honor roll of benefactors who made an impact, visit mayoclinic.org/development.

MAYO CLINIC | mayoclinic.org

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