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**LOUISIANA CANCER RESEARCH CENTER
OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE
HEALTH SCIENCES CENTER**

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate, at the office of the parish clerk of court.

Release Date **OCT 10 2012**

**CASCIO & SCHMIDT, LLC
Certified Public Accountants**

**LOUISIANA CANCER RESEARCH CENTER
OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE
HEALTH SCIENCES CENTER**

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FINANCIAL

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Louisiana Cancer Research Center of L.S.U. Health Sciences Center
in New Orleans/Tulane Health Sciences Center

We have audited the accompanying statement of financial position of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a nonprofit corporation) as of June 30, 2012, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's 2011 financial statements, and in our report dated August 24, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center as of June 30, 2012, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 23, 2012, on our consideration of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center taken as a whole. The accompanying supplementary information required by the State of Louisiana for the year ended June 30, 2012, is presented for the purpose 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.

Cascio + Schmitt, LLC.

Metairie, Louisiana
August 23, 2012

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

STATEMENT OF FINANCIAL POSITION

June 30, 2012

	<u>ASSETS</u>	<u>MEMORANDUM ONLY JUNE 30, 2011</u>
CURRENT ASSETS		
Cash (Note B)	\$ 13,732,380	\$ 11,118,357
Investments (Notes A7, C and I)	11,141,206	11,118,887
Receivable, grants (Note D)	8,384,613	13,582,041
Receivables, other	-	16,573
Prepaid expenses	1,259,280	476
Other	<u>52,400</u>	<u>-</u>
Total current assets	34,569,879	35,836,334
PROPERTY AND EQUIPMENT (Notes A-9 and E)	<u>87,881,286</u>	<u>80,907,384</u>
Total assets	\$ <u>122,451,165</u>	\$ <u>116,743,718</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES		
Accounts payable, trade	\$ 5,000,377	\$ 3,133,428
Installment note payable, insurance	93,999	-
Accounts payable, construction	-	1,411,758
Retainages payable, construction	-	3,367,805
Accrued liabilities	<u>61,924</u>	<u>77,513</u>
Total current liabilities	5,156,300	7,990,504
COMMITMENTS (Note K)	-	-
NET ASSETS (Note A-2)		
Unrestricted	781,293	649,648
Temporarily restricted	<u>116,513,572</u>	<u>108,103,566</u>
Total Net Assets	<u>117,294,865</u>	<u>108,753,214</u>
Total liabilities and net assets	\$ <u>122,451,165</u>	\$ <u>116,743,718</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>MEMORANDUM ONLY JUNE 30, 2011</u>
REVENUES				
Grants (Note D)	\$ -	\$ 22,676,500	\$ 22,676,500	\$ 53,114,557
Interest	-	38,911	38,911	44,681
Fund-raising	276,568	-	276,568	257,805
Other	13,152	-	13,152	
Net assets released from restrictions	<u>14,305,405</u>	<u>(14,305,405)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>14,595,125</u>	<u>8,410,006</u>	<u>23,005,131</u>	<u>53,417,043</u>
EXPENSES				
Cessation expenses	5,895,050	-	5,895,050	7,349,008
Salaries and related benefits	4,877,513	-	4,877,513	5,455,086
Operating services	1,287,652	-	1,287,652	564,502
Supplies	1,004,705	-	1,004,705	1,584,391
Professional services	525,025	-	525,025	214,021
Marketing	-	-	-	1,500
Travel	124,775	-	124,775	161,239
Depreciation	550,110	-	550,110	703,737
Fund-raising	147,441	-	147,441	68,100
Other	<u>51,209</u>	<u>-</u>	<u>51,209</u>	<u>87,809</u>
Total Expenses	<u>14,463,480</u>	<u>-</u>	<u>14,463,480</u>	<u>16,189,393</u>
INCREASE IN NET ASSETS	131,645	8,410,006	8,541,651	37,227,650
NET ASSETS, BEGINNING OF YEAR	<u>649,648</u>	<u>108,103,566</u>	<u>108,753,214</u>	<u>71,525,564</u>
NET ASSETS, END OF YEAR	<u>\$ 781,293</u>	<u>\$ 116,513,572</u>	<u>\$ 117,294,865</u>	<u>\$ 108,753,214</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

**Increase (Decrease) in Cash and
Cash Equivalents**

		MEMORANDUM ONLY <u>JUNE 30, 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 27,873,928	\$ 50,374,516
Interest income	16,592	22,467
Other income	306,293	257,805
Interest expense	(3,190)	-
	<u>28,193,623</u>	<u>50,654,788</u>
 Payments to employees and suppliers	 (<u>18,149,587</u>)	 (<u>15,438,404</u>)
 Net Cash Provided by Operating Activities	 10,044,036	 35,216,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,606,553)	(226,104)
Construction in progress	(<u>5,917,459</u>)	(<u>38,132,540</u>)
 Net Cash Used in Investing Activities	 (7,524,012)	 (38,358,644)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing insurance proceeds	344,662	-
Financing payments	(<u>250,663</u>)	-
 Net Cash Provided by Financing Activities	 93,999	 -
 Net Increase (Decrease) in Cash and Cash Equivalents	 2,614,023	 (3,142,260)
 Cash and Cash Equivalents at Beginning of Year	 <u>11,118,357</u>	 <u>14,260,617</u>
 Cash and Cash Equivalents at End of Year	 \$ <u>13,732,380</u>	 \$ <u>11,118,357</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		MEMORANDUM ONLY <u>JUNE 30, 2011</u>
Increase in net assets	\$ <u>8,541,651</u>	\$ <u>37,227,650</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	550,110	703,737
(Increase) Decrease in operating assets:		
Receivables	5,214,001	(2,740,041)
Investments	(22,319)	-
Prepaid expenses	(1,258,204)	(476)
Increase (decrease) in accounts payable and accrued liabilities	(2,928,203)	25,514
Increase in deposits	(52,400)	-
Total adjustments	<u>1,502,985</u>	<u>(2,011,266)</u>
Net Cash Provided by Operating Activities	\$ <u>10,044,636</u>	\$ <u>35,216,384</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Louisiana Cancer Research center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (the "Research Center") was incorporated June 7, 2002 under the laws of the State of Louisiana. The Research center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

The Research Center was organized for charitable, educational and scientific purposes. The primary purpose is to conduct and support research and promote education in the diagnosis, detection and treatment of cancer in the pursuit of obtaining the National Cancer Institute designation for its member institutions, the Louisiana State University Health Sciences Center in New Orleans, the Tulane University Health Sciences Center, Xavier University of Louisiana and Ochsner Healthcare System. The Research Center is owned by its member institutions and is controlled by a Board of Directors, most whose members are representatives of the member institutions.

2. Financial Statement Presentation

The Research Center's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC as set forth in FASB ASC 958. Accordingly, the net assets of the Research Center are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets and (c) permanently restricted net assets. There were no permanently restricted net assets during the year ended June 30, 2012.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

The financial statements of the Research Center are prepared on the accrual basis of accounting.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

3. Reporting Entity

Using the criteria established in GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Research Center is reported as a discretely presented component unit of the State of Louisiana, since it is legally separate from and is financially accountable to the State of Louisiana.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements of the State of Louisiana.

4. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved contracts. Contributions are recognized as income in the period received and is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, and when grant services are performed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

5. Functional Allocation of Expenses

The expenses of providing program and other activities have been summarized on a functional basis in the schedule of functional expenses in Note G. Certain of those expenses have been allocated among the program and supporting services benefitted based on estimates by management of the costs involved.

6. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

7. Investments

The Research Center accounts for investments under Statement of Financial Accounting Standards ASC 958, Accounting for Certain Investments Held by Not for-Profit Organizations. Under ASC 958, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. For valuation purposes, fair value is measured using quoted prices in active markets.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the costs of depreciable assets to operations over their estimated service lives, on a straight-line basis. It is the policy of the Research Center to capitalize property and equipment with an acquisition cost in excess of \$5,000.

10. Subsequent Events

Subsequent events have been evaluated through August 23, 2012, the date the financial statements were available to be issued.

11. Total Columns-Overview

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Research Center's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE B - CASH

At June 30, 2012, the Research Center's cash on deposit with financial institutions was covered by federal depository insurance, and collateralized by securities held by the Federal Reserve Bank in Louisiana Cancer Research Center's name.

NOTE C - INVESTMENTS

At June 30, 2012, investments consisted of the following:

Money market accounts	\$ <u>11,141,206</u>
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NOTE D - GRANTS RECEIVABLE AND REVENUE

Grants receivable and revenue consisted of the following at June 30, 2012:

	<u>Receivable</u>	<u>Revenue</u>
Louisiana State University Health Sciences Center in New Orleans - Cancer Research	\$ 4,679,465	\$ 9,683,987
Louisiana State University Health Sciences Center in New Orleans - Cessation Program	<u>3,192,533</u>	<u>6,606,833</u>
Total Louisiana State Health Sciences Center	7,871,998	16,290,820
Department of Economic Development and Office of Facility Planning and Control - Cooperative Endeavor Agreement	<u>512,615</u>	<u>6,385,680</u>
	\$ <u>8,384,613</u>	\$ <u>22,676,500</u>

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2012	2011
Research equipment	\$ 5,607,107	\$ 5,020,605
Office equipment	<u>1,102,757</u>	<u>82,706</u>
Total equipment	6,709,864	5,103,311
Less: accumulated depreciation	<u>(4,104,426)</u>	<u>(3,554,316)</u>
Total equipment, net	2,605,438	1,548,995
Land	671,808	671,808
Building	<u>84,604,040</u>	<u>78,686,581</u>
Total property and equipment, net	<u>\$ 87,881,286</u>	<u>\$ 80,907,384</u>

The building was only partially available for occupancy by the administrative offices in late June, accordingly, there is no building depreciation for the year ended June 30, 2012. Research and office equipment depreciation amounted to \$550,110 for the year ended June 30, 2012.

Cancer research is currently being performed at Louisiana State University Health Sciences Center in New Orleans, Tulane Health Sciences Center, and Xavier University of New Orleans. Construction of a combined cancer research facility began in February 2008, with the facility expected to be completed in the 1st^h quarter of 2013. Total estimated construction cost for the initial phase of the project is \$98 million. Members of each of the member institution's cancer programs will occupy space in the new facility when completed. A second phase which will include the build-out of two additional floors is expected to commence in Fiscal Year 2013.

The Louisiana Cancer Research Center entered into a Cooperative Endeavor Agreement with the State of Louisiana Department of Economic Development and the State Office of Facility Planning and Control during the year ended June 30, 2009. Under the Cooperative Endeavor Agreement, the Research Center has been receiving payments for State-approved capital expenditures for the construction and equipping of the cancer research facility.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE F - RETIREMENT PLAN

All full-time Research Center employees are eligible to participate in a 403 (b) retirement plan. The existing 403 (b) plan is a tax-sheltered annuity (TSA) plan, currently administered by TIAA-CREF. Although eligible employees are not required to participate in the Plan, contributions are made by the Research Center as part of the established benefits package. The Plan also allows for employee contributions with a matching of up to 3% of the employee's annual compensation. The Research Center contributed \$48,846 to the Plan for the year ended June 30, 2012.

NOTE G - SCHEDULE OF FUNCTIONAL EXPENSES

A Schedule of Function Expenses for the year ended June 30, 2012 is as follow:

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Cessation expenses	\$ 5,895,050	\$ -	\$ -	\$ 5,895,050
Depreciation expense	539,354	10,756	-	550,110
Salaries and related expenses	4,035,775	841,738	-	4,877,513
Professional services	5,800	519,225	-	525,025
Operating services	156,676	1,130,976	-	1,287,652
Fundraising expenses	-	-	147,441	147,441
Other expenses	38,900	11,984	325	51,209
Supplies	962,647	42,058	-	1,004,705
Travel	121,197	3,578	-	124,775
	<u>\$ 11,755,399</u>	<u>\$ 2,560,315</u>	<u>\$ 147,766</u>	<u>\$ 14,463,480</u>

NOTE H - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board, therefore, no compensation was paid to any board member during the year ended June 30, 2012.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), as set forth in FASB ASC 820-10, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of the following three categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data.

The following tables set forth, by level within the fair value hierarchy, the Corporation's financial instruments at fair value as of June 30, 2012.

	<u>Fair value Measurement of Reporting Date</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:			
Cash and cash equivalents	\$ 13,732,380	\$ 13,732,380	\$ -
Investments	11,141,206	11,141,206	-
Receivables	8,384,613	8,384,613	-
Other assets	1,311,680	1,311,680	-

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Financial Liabilities:

Accounts payable and accrued liabilities	(5,062,301)	(5,062,301)	-	-
Installment note payable	(93,999)	(93,999)	-	-
	<u>\$ 29,413,579</u>	<u>\$ 29,413,579</u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to fair values are as follows

1. Cash and cash equivalents and investments (money market accounts) carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments.
2. Receivables, other assets and liabilities are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk.

NOTE J - ECONOMIC DEPENDENCY

The Louisiana Cancer Research Center (the "Research Center") received ninety-nine (99) percent of its revenue from funds provided through funding by the State of Louisiana during the year ended June 30, 2012. The operations of the Research Center are funded by a legally dedicated State tobacco tax. Any reductions in the tax rate or the amount of taxes collected would have an adverse impact on the Center's operations.

The Research Center is also dependent upon State funding to complete its new building now under construction, however, since the necessary remaining funds have either been appropriated by the State, or are currently being held by the State, it is unlikely that the building's completion would not be funded.

Funding necessary to operate the new building upon completion will be dependent upon a combination of tobacco tax revenue and possible overhead cost reimbursements which would have to be agreed to by its member institutions. If such reimbursement arrangement is not approved the Research Center's operations costs will be primarily funded by proceeds from its dedicated State tobacco tax revenues which would have an adverse impact on the Research Center's ability to fund its research efforts.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE K - LEASES

The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College has leased land to the Research Center on which the Research Center is constructing its new cancer research building. The lease was executed on February 18, 2008 and has a lease term of fifty (50) years. The annual rental amount is \$129,174, payable in quarterly installments of \$32,293.

The following is a schedule, by year, of future minimum lease payment required under the operating lease:

<u>Year ending June30,</u>	<u>Amount</u>
2013	\$ 129,174
2014	129,174
2015	129,174
2016	129,174
Thereafter	<u>5,425,308</u>
Total minimum lease payments	<u>\$ 5,942,004</u>

Rental and lease expenses for the year ended June 30, 2012 are as follows:

Ground lease (For Louisiana Cancer Research Center's building)	\$ 129,174
Operating Office lease (1615 Poydras Street)	57,992
Other	<u>27,253</u>
	<u>\$ 214,419</u>

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE L -RELATED PARTIES

LSU Health Sciences Center in New Orleans

LSU Health Sciences Center in New Orleans (LSUHSC) is one of the four partner institutions that comprise the Center. The other institutions are Tulane University Health Sciences Center (TUHSC), Xavier University of Louisiana (XULA) and Ochsner Health System (OHS).

As management, two members of the LSUHSC are on the governing board of the Center. The Chancellor for LSU Health Sciences Center in New Orleans served as the Chairman of the Board for the year ended June 30, 2012. The Chairman position rotates between the two Health Sciences Center's (LSUHSC and TUHSC) leaders as dictated by statute. The Vice Chancellor for Academic Affairs of LSU Health Sciences Center in New Orleans is also a voting member of the Center's Board.

LSUHSC (an entity of the State) is the transferring agency for state funding, acting on behalf of the State of Louisiana. Under a Cooperative Endeavor Agreement arrangement, it is responsible for transferring funds appropriated by the State of Louisiana for the Center.

As grantee, the LSUHSC is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to LSUHSC for the program is governed by a fully executed operating agreement which includes an annual budget submitted by LSU Health Sciences Center in New Orleans and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year ended June 30, 2012 was \$1,964,500.

As a vendor, LSUHSC Auxiliary Stores provide goods and services (including research equipment, office and computer supplies) to the Center. The stores conveniently provide products and services which support the mission of the Center. The total amount billed to the Center for goods and services during the fiscal year ended June 30, 2012 was \$25,746.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - Continued

June 30, 2012

NOTE L -RELATED PARTIES - Continued

Tulane University Health Sciences Center

Tulane University Health Sciences Center (TUHSC) is one of the four partner institutions that comprise the Center. The other institutions are LSU Health Sciences Center in New Orleans (LSUHSC), Xavier University of Louisiana (XULA) and Ochsner Health System (OHS).

As management, two members of TUHSC are on the governing board of the Center. TUHSC's Senior Vice President for Health Sciences served as the Vice-Chairman of the Board for the fiscal year ended June 30, 2012. The other TUHSC position was held by the Associate Dean for Tulane's School of Medicine.

As grantee, TUHSC is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to TUHSC for the program is governed by a fully executed operating agreement which includes an annual budget submitted by TUHSC and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year ended June 30, 2012 was \$2,277,432.

Xavier University of Louisiana

Xavier University of Louisiana (XULA) is one of the four partner institutions that comprise the Center. The other institutions are the LSU Health Sciences Center in New Orleans (LSUHSC), Tulane University Health Sciences Center (TUHSC) and Ochsner Health System (OHS).

As management, one member of XULA is on the governing board of the Center. Xavier's President served as Board member for the fiscal year ended June 30, 2012.

As grantee, Xavier University of Louisiana is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to XULA for the program is governed by a fully executed operating agreement, which includes an annual budget submitted by XULA and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year ended June 30, 2012 was \$1,157,566.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - *Continued*

June 30, 2012

NOTE L -RELATED PARTIES - *Continued*

Ochsner Healthcare System

Ochsner Health System (OHS) is one of the four partner institutions that compromise the Center, joining the Center in March, 2010. As management, one member of Ochsner is on the governing Board of the Center.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Board of Directors
Louisiana Cancer Research Center of L.S.U. Health Sciences Center
in New Orleans/Tulane Health Sciences Center

We have audited the financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a non-profit corporation) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information of the audit committee, management, Louisiana Legislative Auditor, others within the organization, awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carris & Schmitt, LLC.

Metairie, Louisiana
August 23, 2012

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were noted.

B. Findings - Financial Statement Audit

There were no findings for the current year or the prior year.

C. Management Letter

A management letter was not issued for the current year or the prior year.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
STATE OF LOUISIANA**

Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane
 Health Sciences Center
 STATE OF LOUISIANA
 Annual Financial Statements
 June 30, 2012

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Notes to the Financial Statements		
Notes	Note Name	
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D.	Capital Assets – Including Capital Lease Assets	
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- U. Disaggregation of Receivable Balances
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- DD. Employee Termination Benefits
- EE. Pollution Remediation Obligations
- FF. American Recovery and Reinvestment Act (ARRA)
- GG. Restricted Net Assets – Other Purposes

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- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
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- 15 Schedule of Comparison Figures and Instructions
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See the Appendix Packet on our Website (OSRAP Memo 13-01)

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2012

LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
1700 Tulane Avenue, New Orleans, LA. 70112

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

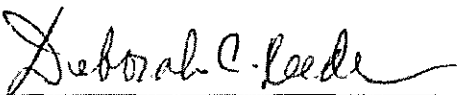
LLAFileroom@lla.la.gov.

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, DEBORAH C. REEDER, Vice President of Finance of the Louisiana Cancer Research Center of L.S.U. Health Sciences in New Orleans/Tulane Health Sciences who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Cancer Research Center of L.S.U. Health Sciences in New Orleans/Tulane Health Sciences at June 30, 2012 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 27th day of August, 2012.


Signature of Agency Official


NOTARY PUBLIC

Prepared by: Ryan A. Graffagnini

Title: Fiscal Operations Manager

Telephone No.: (504) 210-1591

Date: 8/27/12

Email Address: rgraffagnini@lcrc.info

**STATE OF LOUISIANA
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW
ORLEANS/TULANE HEALTH SCIENCES CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2012**

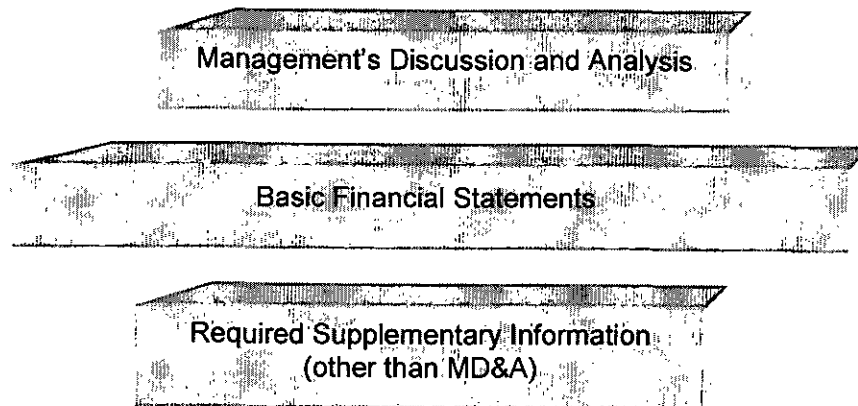
Management's Discussion and Analysis of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (Louisiana Cancer Research Center)'s financial performance presents a narrative overview and analysis of the Louisiana Cancer Research Center's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Louisiana Cancer Research Center's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- ★ The Louisiana Cancer Research Center's assets exceeded its liabilities at the close of fiscal year 2012 by \$117,294,865, which represents a 8% increase from last fiscal year. The net assets increased by \$8,541,651 (or 8%).
- ★ The Louisiana Cancer Research Center's revenue decreased by \$30,411,912 (or 57%) and the net results from activities decreased by \$28,686,000 (or 77%); however, this is not an indication of deteriorating financial conditions. Capital grant revenues are received for payment of construction services on an "as needed" basis. At the end of this fiscal year, construction of the cancer research facility was nearing completion; therefore construction activity declined and revenue paid for those activities on an "as needed" basis declined. The net result however is an increase in the "construction in progress" asset.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW
 ORLEANS/TULANE HEALTH SCIENCES CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2012**

Basic Financial Statements

The basic financial statements present information for the Louisiana Cancer Research Center as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet (pages 1) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Cancer Research Center is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (pages 2-3) presents information showing how the Louisiana Cancer Research Center's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 4-5) presents information showing how the Louisiana Cancer Research Center's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	Total	
	2012	2011
Current and other assets	\$ 34,570	\$ 35,836
Capital assets	87,881	80,907
Total assets	122,451	116,743
Other liabilities	5,156	7,990
Long-term debt outstanding		
Total liabilities	5,156	7,990
Net assets:		
Invested in capital assets, net of debt	87,881	80,907
Restricted		
Unrestricted	29,414	27,846
Total net assets	\$ 117,295	\$ 108,753

**STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW
 ORLEANS/TULANE HEALTH SCIENCES CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2012**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Louisiana Cancer Research Center increased by \$8,541,651 or (8%), from June 30, 2011 to June 30, 2012. The primary reason is due to the addition of \$7,000,000 in fixed assets, including Construction in Progress. Other causes include payment of a construction retainage payable accrued in FY11.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
 for the years ended June 30, 2012
 (in thousands)**

	Total	
	2012	2011
Operating revenues	\$ 23,005	\$ 53,395
Operating expenses	14,463	16,189
Operating income(loss)	<u>8,542</u>	<u>37,206</u>
Non-operating revenues		22
Non-operating expenses *		
Income(loss) before transfers	<u>8,542</u>	<u>37,228</u>
Transfers in		
Transfers out		
Net increase(decrease) in net assets	<u>\$ 8,542</u>	<u>\$ 37,228</u>

* Enter expenses as a negative amount

The Louisiana Cancer Research Center's total revenues decreased by \$ 30,411,912 (or 57%). The total cost of all programs and services decreased by \$1,725,913 (or 11%).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year ended June 30, 2012, the Louisiana Cancer Research Center had \$87,881,286 (net of depreciation) invested in a broad range of capital assets, including land, construction in progress, research

**STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW
 ORLEANS/TULANE HEALTH SCIENCES CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2012**

equipment and office equipment (see accompanying Table). This amount represents a net increase (including additions and deductions) of \$6,973,902, or (9%), over last year.

This year's major additions included (in thousands):

- \$1020 in office equipment & furnishings
- \$5917 in Construction in Progress (building)

	<u>2012</u>	<u>2011</u>
Land	\$ 672	\$ 672
Buildings and improvements	84,604	78,687
Equipment	2,605	1,549
Infrastructure		
Intangible Assets		
Totals \$	<u>87,881</u>	<u>80,908</u>

Debt

The Louisiana Cancer Research Center had \$ 0 thousand in bonds and notes outstanding at year-end, compared to \$0 thousand last year.

Outstanding Debt at Year-end (in thousands)		
	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$ -	\$ -
Revenue Bonds and Notes	-	-
Totals \$	<u>-</u>	<u>-</u>

**STATE OF LOUISIANA
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW
ORLEANS/TULANE HEALTH SCIENCES CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2012**

The Louisiana Cancer Research Center has no claims and judgments at year-end compared with none last year. The Louisiana Cancer Research Center obligations do include accrued vacation pay and sick leave totaling \$61,924.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$.55 million (3%) under budget due under collections of tobacco tax proceeds compared to budgeted/projected collections. Expenditures were adjusted due in part to revised budget projections and delays in operations activities and program implementations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Louisiana Cancer Research Center's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Cost to operate newly constructed Cancer Research Center
- Competing priorities for limited financial resources
- Potential impact of further declines in tobacco tax revenue

The Louisiana Cancer Research Center expects that next year's results will improve based on the following:

- Revising of its strategic plan which will focus on increase/alternative revenue generating opportunities
- Implementation of a comprehensive fundraising plan

CONTACTING THE LOUISIANA CANCER RESEARCH CENTER'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Cancer Research Center's finances and to show the Louisiana Cancer Research Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deborah Reeder, Vice President of Finance at (504) 210-1740.

STATE OF LOUISIANA
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
BALANCE SHEET
AS OF JUNE 30, 2012

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ <u>13,732,380</u>
Restricted Cash and Cash Equivalents	
Investments	<u>11,141,206</u>
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	<u>8,384,613</u>
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	<u>1,259,280</u>
Notes receivable	
Other current assets	<u>52,400</u>
Total current assets	<u>34,569,879</u>

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	<u>671,808</u>
Buildings and improvements	
Machinery and equipment	<u>2,605,438</u>
Infrastructure	
Intangible assets	
Construction/Development-in-progress	<u>84,604,040</u>
Other noncurrent assets	
Total noncurrent assets	<u>87,881,286</u>
Total assets	<u>\$ 122,451,165</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ <u>5,156,300</u>
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	<u>5,156,300</u>

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	
Other long-term liabilities	
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>5,156,300</u>

NET ASSETS

Invested in capital assets, net of related debt	<u>87,881,286</u>
Restricted for:	
Capital projects	
Debt Service	
Unemployment compensation	
Other specific purposes	
Unrestricted	<u>29,413,579</u>
Total net assets	<u>117,294,865</u>
Total liabilities and net assets	<u>\$ 122,451,165</u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA **Statement B**
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUE	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other - Grants	22,676,500
Other	289,720
Total operating revenues	22,966,220
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	13,913,370
Depreciation	550,110
Amortization	_____
Total operating expenses	14,463,480
Operating income(loss)	8,502,740
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	_____
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	38,911
Other expense	_____
Total non-operating revenues(expenses)	38,911
Income(loss) before contributions, extraordinary items, & transfers	8,541,651
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	8,541,651
Total net assets – beginning	108,753,214
Total net assets – ending	\$ 117,294,865

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
 NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Statement C

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	\$ 14,463,480	\$ 16,290,820	\$ 6,385,680	\$ 8,213,020
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				38,911
Miscellaneous				289,720
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				328,631
Change in net assets				8,541,651
Net assets - beginning as restated				108,753,214
Net assets - ending				\$ 117,294,865

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA

Statement D

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

Cash flows from operating activities		
Cash receipts from customers	\$ 27,873,928	
Cash receipts from interfund services provided		
Other operating cash receipts, if any	319,695	
Cash payments to suppliers for goods or services	(18,149,587)	
Cash payments to employees for services		
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any		
Net cash provided(used) by operating activities		<u>10,044,036</u>
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable	344,662	
Principal paid on notes payable	(250,663)	
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		<u>93,999</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(7,524,012)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(7,524,012)</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		<u>-</u>
Net increase(decrease) in cash and cash equivalents		<u>2,614,023</u>
Cash and cash equivalents at beginning of year		<u>11,118,357</u>
Cash and cash equivalents at end of year	\$	<u><u>13,732,380</u></u>

**STATE OF LOUISIANA
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES
CENTER IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
Notes to the Financial Statement
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INTRODUCTION

The Louisiana Cancer Research Center was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 17:1921. The following is a brief description of the operations of Louisiana Cancer Research Center and includes the parish/parishes in which the Center is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences present information only as to the transactions of the programs of the Louisiana Cancer Research Center as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Cancer Research Center are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

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B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Cancer Research Center are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>16,837,643</u>
Amendments:	<div style="border-bottom: 1px solid black; height: 1em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 1em; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 1em; margin-bottom: 2px;"></div>
Final approved budget	\$ <u><u>16,837,643</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Memo 13-01, Appendix A, for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Cancer Research Center may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Center may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and

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deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2012, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 13,732,380	\$	\$	\$ 13,732,380
Deposits in bank accounts per bank	\$ 14,521,067	\$	\$	\$ 14,521,067
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

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NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Whitney Bank	Research	\$ 11,195,873
2. Whitney Bank	Cessation	1,919,510
3. Whitney Bank	Fundraising	1,405,684
4. _____	_____	_____
Total		\$ <u>14,521,067</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury \$ _____
 Petty cash \$ _____

2. INVESTMENTS

The Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center maintains investment accounts as authorized by the Board of the Louisiana Cancer Research Center's Governing Board and consistent with policy governing its organizational structure.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those

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investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

<u>Type of Investment</u>	<u>*Unregistered, and Held by Counterparty</u>	<u>Trust Dept. or Agent Not in Entity's Name</u>	<u>Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations***	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP) ****	_____	_____	_____	_____
External Investment Pool (Other)	_____	_____	_____	_____
Other: (Commercial Paper)	_____	_____	11,141,206	11,141,206
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 11,141,206	\$ 11,141,206

* Unregistered - not registered in the name of the government or entity

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix A, Memo 13-01 for the definition of US Government Obligations)

*** These obligations may not be exposed to custodial credit risk (See Appendix A, Memo 13-01 for discussion of FNMA & FHLMC)

**** LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level.

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments

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Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

<u>Rating Agency</u>	<u>Rating</u>	<u>Fair Value</u>
		\$ 11,141,206
	Total	\$ <u>11,141,206</u>

B. Interest Rate Risk of Debt Investments

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments, unless you have an external investment pool as discussed in OSRAP Memo 11-22.)

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds (describe)	_____	_____	_____	_____	_____
Mutual bond funds	_____	_____	_____	_____	_____
Other	11,141,206	_____	_____	_____	_____
Total debt investments	\$ <u>11,141,206</u>	\$ _____	\$ _____	\$ _____	\$ _____

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See OSRAP Memo 13-01, Appendix A, for examples of debt investments that are highly sensitive to changes in interest rates.

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$ _____	_____
	_____	_____
	_____	_____
Total	\$ <u>11,141,206</u>	_____

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C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____ -	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____ -	\$ _____ -

4. DERIVATIVES (GASB 53)

A. Summary of Derivative Instruments

Complete the following table, "Summary of Derivative Instruments" for all derivative instruments held by the entity at June 30, 2012. If no derivative instruments were held by the entity at June 30, please state "None".

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Summary of Derivative Instruments

Type	Notional	Changes in Fair Value		Fair Value at June 30	
		Classification	Amount	Classification	Amount *
<u>Investment Derivative Instruments:</u>			\$		\$
<u>Fair Value Hedges:</u>			\$		\$
<u>Cash Flow Hedges:</u>			\$		\$

*If fair value is based on other than quoted market prices, the methods and significant assumptions used to estimate those fair market values should be disclosed.

B. Investment Derivative Instruments

Investment derivative instruments include derivative instruments that are not effective or are no longer effective and cannot be classified as hedging derivative instruments. Separately list each investment derivative instrument included in the table above and discuss the exposure to risk from these investments for the following risks:

1. Credit Risk of Investment Derivative Instruments

N/A

2. Interest Rate Risk of Investment Derivative Instruments

Investment Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years)			
			Less than 1	1 - 5	6 - 10	More than 10

Disclose the reference rate for each investment derivative instrument along with any embedded options

N/A

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3. Foreign Currency Risk of Investment Derivative Instruments

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
	\$ _____	\$ _____
	_____	_____
	_____	_____
Total	\$ _____ -	\$ _____ -

4. Reclassification from Hedging Derivative Instrument to Investment Derivative Instrument

<u>Item Reclassified</u>	<u>Notional Amount</u>	<u>Ineffective @ 6/30/12 (Y/N)</u>	<u>Fair Value @ 6/30/12</u>	<u>Ineffective @ 6/30/11 (Y/N)</u>	<u>Fair Value @ 6/30/11</u>	<u>Change in Fair Value @ 6/30/12</u>
						-
						-
						-
						-

C. Hedging Derivative Instruments

Complete the following table- Terms and Objectives of Hedging Derivative Instruments - for all hedging derivative instruments held by the entity at June 30, 2012.

<u>Terms and Objectives of Hedging Derivative Instruments</u>						
<u>Type</u>	<u>Notional</u>	<u>Objective</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms *</u>	<u>Counterparty Credit Rating</u>

*Terms include reference rates, embedded options, and the amount of cash paid or received, if any, when a forward contract or swap (including swaptions) was entered into.

Interest rates and the various swap indices change over time. Use the schedule below to summarize payments on the swap and interest payments to bondholders for applicable hedging derivative instruments.

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List each hedging derivative separately, and discuss the exposure to risk from these hedges for the following risks:

Hedging Derivative Instrument	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		

1. Credit Risk of Hedging Derivative Instruments

2. Interest Rate Risk of Hedging Derivative Instruments

Hedging Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years)			
			Less than 1	1 - 5	6 - 10	More than 10

3. Basis Risk of Hedging Derivative Instruments

4. Termination Risk of Hedging Derivative Instruments

5. Rollover Risk of Hedging Derivative Instruments

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6. Market-Access Risk of Hedging Derivative Instruments

7. Foreign Currency Risk of Hedging Derivative Instruments

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____	\$ _____

If any hedged items are a debt obligation, then its net cash flows are required to be disclosed in accordance with GASB Statement No. 38, paragraphs 10 – 11. This information, if applicable, should be provided below, and will be included in Note 8 of the CAFR.

Using the following chart, provide the principal and interest requirements to maturity for those hedged items that are a debt obligation. If your fiscal year ends other than June 30, change the date within the table. If the number of years for your debt to terminate exceeds the years listed, add those years to the table (in 5 year increments).

Debt and Lease Obligations for Hedged Debt (per GASB 38, paragraph 10)

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivative</u> <u>Instruments, Net</u>	<u>Total</u>
2013	\$ _____	\$ _____	\$ _____	\$ _____
2014	_____	_____	_____	_____
2015	_____	_____	_____	_____
2016	_____	_____	_____	_____
2017	_____	_____	_____	_____
2018-2022	_____	_____	_____	_____
2023-2027	_____	_____	_____	_____
2028-2032	_____	_____	_____	_____
2033-2037	_____	_____	_____	_____
2038-2042	_____	_____	_____	_____
Total	_____	_____	_____	_____

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Note: The hedging derivative column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.

List any terms by which the interest rates change for variable-rate debt.

Using the following chart, provide the future minimum lease payments for those hedged items that are obligations under capital and noncancelable operating leases (per GASB 38, paragraph 11). If your fiscal year ends other than June 30, change the date within the table. If the number of years for your lease extends beyond the years listed, add those years to the table (in 5 year increments).

Fiscal Year Ending June 30	Minimum Future Lease Payment
2013	\$ _____
2014	_____
2015	_____
2016	_____
2017	_____
2018-2022	_____
2023-2027	_____
2028-2032	_____
2033-2037	_____
2038-2042	_____
Total	_____

If effectiveness is determined by another quantitative method not identified in GASB Statement No. 53, provide the identity and characteristics of the method used, the range of critical terms the method tolerates, and the actual critical terms of the hedge.

D. Contingent Features

Disclose any contingent features that are included in derivative instruments held at the end of the reporting period. The required disclosures include (1) the existence and nature of contingent features and the circumstances in which the features could be triggered, (2) the aggregate fair value of derivative instruments that contain those features, (3) the aggregate fair value of assets that would be required to be posted as collateral or transferred in accordance with the provisions related to the triggering of the contingent liabilities, and (4)

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the amount, if any, that has been posted as collateral by the government as of the end of the reporting period. _____

E. Hybrid Instruments

If your entity has any hybrid instruments, disclosure of the companion instrument should be consistent with disclosures required of similar transactions. List any hybrid instruments below and provide information regarding any hybrid instruments and a reference to where the required disclosures can be found. If the required disclosures are not presented elsewhere, provide those disclosures below. If your entity does not have any hybrid instruments, state "None".

NONE

F. Synthetic Guaranteed Investment Contracts (SGICs)

If your entity has a fully benefit-responsive SGIC, then a description of the nature of the SGIC and the SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments) should be disclosed as of the end of the reporting period. Provide those required disclosures below. If your entity does not have any, state "None".

NONE

5. POLICIES

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

Louisiana Cancer Research Center's current investment policy complies with the State policy RS 33:2955

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

a. Investments in pools managed by other governments or mutual funds

N/A

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- b. Securities underlying reverse repurchase agreements N/A
-
- c. Unrealized investment losses NONE
-
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
1. Carrying amount and market value at June 30 of securities to be resold
N/A
 2. Description of the terms of the agreement
N/A
-
- e. Losses during the year due to default by counterparties to deposit or investment transactions NONE
-
- f. Amounts recovered from prior period losses which are not shown separately on the balance sheet NONE
-

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements
N/A
-
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year NONE
-

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest
-
-

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- j. Commitments on June 30, 2012 to repurchase securities under yield maintenance agreements _____
- k. Market value on June 30, 2012 of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase N/A
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements NONE
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement NONE

Fair Value Disclosures (GASB 31)

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices Fair Value is based on quoted market prices
- p. Basis for determining which investments, if any, are reported at amortized cost N/A
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool N/A
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares N/A
- s. Any involuntary participation in an external investment pool NONE
- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate N/A
- u. Any income from investments associated with one fund that is assigned to another fund No

Land and Other Real Estate Held as Investments by Endowments (GASB 52)

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- v. Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center owns land or other real estate held as investments by endowments. No. _____ Land or real estate held as investments by endowments is reported at fair value in the entity's financial statements and any applicable fair value note disclosures are reported in the preceding fair value disclosure section.

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

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Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2011	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2012
Capital assets not depreciated:							
Land	\$ 671,808	\$ -	\$ 671,808	\$ -	\$ -	\$ -	\$ 671,808
Non-depreciable land improvements							
Non-depreciable easements							
Capitalized collections							
Software - development in progress	78,686,581		78,686,581	5,917,459			84,604,040
Construction in progress	79,358,389		79,358,389	5,917,459			85,275,848
Total capital assets not depreciated	\$ 79,358,389	\$ -	\$ 79,358,389	\$ 11,834,918	\$ -	\$ -	\$ 91,193,307
Other capital assets:							
Depreciable land improvements							
** Accumulated depreciation							
Total land improvements							
Buildings							
** Accumulated depreciation							
Total buildings							
Machinery & equipment	5,103,310		5,103,310	1,606,554			6,709,864
** Accumulated depreciation	(3,554,315)		(3,554,315)	(550,111)			(4,104,426)
Total machinery & equipment	1,548,995		1,548,995	1,056,443			2,605,438
Infrastructure							
** Accumulated depreciation							
Total infrastructure							
Software (internally generated & purchased)							
Other intangibles							
** Accumulated amortization - software							
** Accumulated amortization - other intangibles							
Total intangibles							
Total other capital assets	\$ 1,548,995	\$ -	\$ 1,548,995	\$ 1,056,443	\$ -	\$ -	\$ 2,605,438
Capital asset summary:							
Capital assets not depreciated	\$ 79,358,389	\$ -	\$ 79,358,389	\$ 11,834,918	\$ -	\$ -	\$ 91,193,307
Other capital assets, book value	5,103,310		5,103,310	1,606,554			6,709,864
Total cost of capital assets	84,461,699		84,461,699	13,441,472			97,903,171
Accumulated depreciation/amortization	(3,554,315)		(3,554,315)	(550,111)			(4,104,426)
Capital assets, net	\$ 80,907,384	\$ -	\$ 80,907,384	\$ 12,891,361	\$ -	\$ -	\$ 93,798,745

* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

** Enter a negative number except for accumulated depreciation in the retirement column

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If other intangible assets were reported in the table above, list the types of intangible assets, their cost, and accumulated amortization for each type of intangible assets reported.

E. INVENTORIES

N/A

F. RESTRICTED ASSETS

N/A

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Cancer Research Center has the following policy on annual and sick leave:

Employees of the Center accrue leave immediately upon hire but at varying rates based on classification and years of service. Vacation and sick time are accrued on a monthly basis. Upon termination, employees will be paid for accrued vacation leave to be calculated at the employee's hourly rate upon termination. Accrued annual sick leave at June 30, 2012 amount to \$61,863.

2. COMPENSATORY LEAVE

N/A

H. RETIREMENT SYSTEM

All full-time Louisiana Cancer Research Center employees are eligible to participate in a 403(b) retirement plan. The existing 403(b) plan is a tax-sheltered annuity (TSA) plan, currently administered by TIAA-CREF. Although eligible employees are not required to participate in the Plan, contributions are made by Louisiana Cancer Research Center as part of the established benefits package. The plan also allows for employee contributions with a matching requirement up to 3% of the employee's annual compensation. The Research Center contributed \$48,847 to the Plan for the year ended June 30, 2012.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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N/A

J. LEASES

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2012 amounted to \$211,753. (Note: If lease payments extend past FY 2027, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

Nature of lease	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018-2022	FY 2023-2027
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____	_____
Land	129,174	129,174	129,174	129,174	129,174	645,870	645,870
Other	_____	_____	_____	_____	_____	_____	_____
Total	\$ 129,174	\$ 129,174	\$ 129,174	\$ 129,174	\$ 129,174	\$ 645,870	\$ 645,870

Nature of lease	FY 2028-2032	FY 2033-2037	FY 2038-2042	FY 2043-2047	FY 2048-2052	FY 2053-2057	FY 2058
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____	_____
Land	645,870	645,870	645,870	645,870	645,870	645,870	129,174
Other	_____	_____	_____	_____	_____	_____	_____
Total	\$ 645,870	\$ 645,870	\$ 645,870	\$ 645,870	\$ 645,870	\$ 645,870	\$ 129,174

2. CAPITAL LEASES

Capital leases are not recognized in the accompanying financial statements.

K. LONG-TERM LIABILITIES

N/A

L. CONTINGENT LIABILITIES

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N/A

M. RELATED PARTY TRANSACTIONS

LSU Health Sciences Center in New Orleans

LSU Health Sciences Center in New Orleans (LSUHSC) is one of the four partner institutions that comprise the Center. The other institutions are Tulane University Health Sciences Center (TUHSC), Xavier University of Louisiana (XULA) and Ochsner Health System (OHS).

As management, two members of the LSUHSC are on the governing board of the Center. The Chancellor for LSU Health Sciences Center in New Orleans served as the Chairman of the Board for the year ended June 30, 2012. The Chairman position rotates between the two Health Sciences Center's (LSUHSC and TUHSC) leaders as dictated by statute. The Vice Chancellor for Academic Affairs of LSU Health Sciences Center in New Orleans is also a voting member of the Center's Board.

LSUHSC (an entity of the State) is the transferring agency for state funding, acting on behalf of the State of Louisiana. Under a Cooperative Endeavor Agreement arrangement, it is responsible for transferring funds appropriated by the State of Louisiana for the Center.

As grantee, the LSUHSC is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to LSUHSC for the program is governed by a fully executed operating agreement which includes an annual budget submitted by LSU Health Sciences Center in New Orleans and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year ended June 30, 2012 was \$1,964,500.

As a vendor, LSUHSC Auxiliary Stores provide goods and services (including research equipment, office and computer supplies) to the Center. The stores conveniently provide products and services which support the mission of the Center. The total amount billed to the Center for goods and services during the fiscal year ended June 30, 2012 was \$25,746.

Tulane University Health Sciences Center

Tulane University Health Sciences Center (TUHSC) is one of the four partner institutions that comprise the Center. The other institutions are LSU Health Sciences Center in New Orleans (LSUHSC), Xavier University of Louisiana (XULA) and Ochsner Health System (OHS).

As management, two members of TUHSC are on the governing board of the Center. TUHSC's Senior Vice President for Health Sciences served as the Vice-Chairman of the Board for the fiscal year ended June 30, 2012. The other TUHSC position was held by the Associate Dean for Tulane's School of Medicine.

As grantee, TUHSC is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to TUHSC for the program is governed by a fully executed operating agreement

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which includes an annual budget submitted by TUHSC and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year ended June 30, 2012 was \$2,277,432.

Xavier University of Louisiana

Xavier University of Louisiana (XULA) is one of the four partner institutions that comprise the Center. The other institutions are the LSU Health Sciences Center in New Orleans (LSUHSC), Tulane University Health Sciences Center (TUHSC) and Ochsner Health System (OHS).

As management, one member of XULA is on the governing board of the Center. Xavier's President served as Board member for the fiscal year ended June 30, 2012.

As grantee, Xavier University of Louisiana is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to XULA for the program is governed by a fully executed operating agreement, which includes an annual budget submitted by XULA and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year ended June 30, 2012 was \$1,157,566.

Ochsner Healthcare System

Ochsner Health System (OHS) is one of the four partner institutions that compromise the Center, joining the Center in March, 2010. As management, one member of Ochsner is on the governing Board of the Center.

N. ACCOUNTING CHANGES

N/A

O. IN-KIND CONTRIBUTIONS

N/A

P. DEFEASED ISSUES

N/A

Q. REVENUES – PLEDGED OR SOLD (GASB 48)

N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

N/A

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S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

N/A

T. SHORT-TERM DEBT

N/A

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2012, were as follows:

<u>(gen. fund, gas tax fund, etc.)</u>	<u>Receivables</u>	<u>Taxes</u>	<u>Governments</u>	<u>Receivables</u>	<u>Receivables</u>
Cancer Research Program	\$ 4,679,465	\$	\$	\$	\$ 4,679,465
Cessation Program	3,192,533				3,192,533
Facility Planning & Control	512,615				512,615
Gross receivables	\$ 8,384,613	\$ -	\$ -	\$ -	\$ 8,384,613
Less allowance for uncollectible accounts					
Receivables, net	\$ 8,384,613	\$ -	\$ -	\$ -	\$ 8,384,613
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2012, were as follows:

<u>Fund</u>	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other Payables</u>	<u>Total Payables</u>
Cancer Research Program	\$ 1,326,052	\$	\$	\$ 48,219	\$ 1,374,271
Cessation Program	3,282,684			13,705	3,296,389
Facility Planning & Control	485,640				485,640
Total payables	\$ 5,094,376	\$ -	\$ -	\$ 61,924	\$ 5,156,300

W. SUBSEQUENT EVENTS

Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.

N/A

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X. SEGMENT INFORMATION

N/A

Y. DUE TO/DUE FROM AND TRANSFERS

N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

N/A

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46)

N/A

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES

N/A

DD. EMPLOYEE TERMINATION BENEFITS

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as severance pay or continued access to health insurance through the employer's group insurance plan. Voluntary termination benefits include benefits such as early retirement incentives.

Other termination benefits include:

1. Early retirement incentives such as cash payments. Some state agencies adopted layoff avoidance plans to provide a mechanism to balance budget deficits while delaying or avoiding layoffs.
2. Continued access to healthcare, including COBRA costs paid by the agency
3. Career counseling
4. Outplacement services

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Payments for accrued annual leave are not considered termination benefits. Annual leave is a part of the compensation that the state offers in exchange for services received. As a result, payments for accrued annual leave upon termination are considered to be compensation for employee services. Do not report these amounts as termination benefits.

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s).
2. Year the state becomes obligated
3. The number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact.

The agency recognizes the cost of providing termination benefits as expenditures when paid during the year. For FY 2012, the cost of providing those benefits for 0 terminations totaled \$0.

The liability for the accrued terminations benefits payable at June 30, 2012 is \$0. This liability consists of 0 terminations.

The Louisiana Cancer Research Center compensates employees for accrued vacation leave balances upon voluntary or involuntary termination. Although employees can continue to access health benefits under COBRA, the entire premium is paid by the employee if he/she wishes to continue coverage. There are no other termination benefits provided by the Louisiana Cancer Research Center.

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

EE. POLLUTION REMEDIATION OBLIGATIONS

N/A

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FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

N/A

GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES

Per GASB Statement 34, paragraph 34, net assets are reported as restricted when constraints on net asset use are either; externally imposed by creditors, such as through debt covenants, grantors, contributors, or laws or regulations of other governments imposed by law through constitutional provisions or enabling legislation. Restricted Net Assets are reported on the balance sheet as restricted by Capital Projects, Debt Service, Unemployment Compensation, and Other Specific Purposes. The balance sheet amount for Restricted Net Assets - Other Specific Purposes should be further defined by function as follows:

	<u>Restricted Net Assets</u>
Conservation and Environment	\$ _____
Corrections	_____
Culture, Recreation, and Tourism	_____
Education	_____
General Government	_____
Health and Welfare	_____
Public Safety	_____
Transportation and Development	_____
Youth Services	_____
Total	\$ _____ -

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SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2012

Fiscal Year <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2013	\$ NONE	\$ _____	\$ _____	\$ _____ --
2014	_____	_____	_____	_____ --
2015	_____	_____	_____	_____ --
2016	_____	_____	_____	_____ --
2017	_____	_____	_____	_____ --
2018-2022	_____	_____	_____	_____ --
2023-2027	_____	_____	_____	_____ --
2028-2032	_____	_____	_____	_____ --
2033-2037	_____	_____	_____	_____ --
 Total	 \$ _____ --	 \$ _____ --	 \$ _____ --	 \$ _____ --

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SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2012

Fiscal Year <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ <u>NONE</u>	\$ _____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
2028-2032	_____	_____
2033-2037	_____	_____
Total	\$ _____ --	\$ _____ --

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 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2012**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2013	\$ <u>NONE</u>	\$ _____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____
Subtotal	_____ --	_____ --
Unamortized Discounts/Premiums	_____	_____
Total	\$ _____ --	\$ _____ --

***Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/12 should agree to bonds payable on the Statement of Net Assets.**

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COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$3 million, explain the reason for the change.

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 23,005,131	\$ 53,417,043	\$ (30,411,912)	\$ (57%)
Expenses	14,463,480	16,189,393	1,725,913	(11%)
2) Capital assets	87,881,286	80,907,384	6,973,902	9%
Long-term debt				
Net Assets	117,294,865	108,753,214	8,541,651	8%

Explanation for changes:

Revenues decreased because revenue is received for construction of the Cancer Research Facility on an "as needed" basis. This fiscal year, FY12 construction is nearing completion therefore less construction activity resulted in decreased revenue payments for construction. Capital assets increased in FY12 due to the continuation of the construction of the Cancer Research facility which resulted in an increase in the Construction in Progress asset.

