

**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, 2014**

**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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant

to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on summarized Comparative Information**

We have previously audited Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's 2013 financial statements, and our report dated August 21, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of revenues and expenses by program on page 21 and the accompanying supplementary information required by the State of Louisiana on pages 26 through 74, for the year ended June 30, 2014, 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 taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2014, on our consideration 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 compliance.

*Cascio + Schmidt, LLP.*

Metairie, Louisiana  
August 22, 2014

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

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2014**

**ASSETS**

		<b>Summarized Comparative Information <u>June 30, 2013</u></b>
<b>CURRENT ASSETS</b>		
Cash (Note B)	\$ 19,217,950	\$ 17,555,720
Investments (Notes A7, C and I)	7,902,774	8,978,279
Receivable, grants (Note D)	3,601,965	3,703,166
Receivables, other	292,533	806,638
Prepaid expenses	<u>224,766</u>	<u>216,780</u>
Total current assets	31,239,988	31,260,583
<b>PROPERTY AND EQUIPMENT (Notes A-9 and E)</b>	<u>85,037,134</u>	<u>87,224,324</u>
<b>OTHER ASSETS</b>		
Maintenance Reserve Account (Notes C and J)	3,277,845	2,185,230
Deposits	<u>52,400</u>	<u>52,400</u>
Total assets	\$ <u>119,607,367</u>	\$ <u>120,722,537</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable, trade	\$ 6,920,682	\$ 2,717,135
Installment note payable, insurance	-	158,829
Accrued liabilities	<u>79,924</u>	<u>76,719</u>
Total liabilities	7,000,606	2,952,683
<b>COMMITMENTS ( Note J)</b>	-	-
<b>NET ASSETS (Note A-2)</b>		
Unrestricted	3,545,291	2,461,371
Temporarily restricted	<u>109,061,470</u>	<u>115,308,483</u>
Total Net Assets	<u>112,606,761</u>	<u>117,769,854</u>
Total liabilities and net assets	\$ <u>119,607,367</u>	\$ <u>120,722,537</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, 2014**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>Summarized Comparative Information June 30, 2013</u>
<b>REVENUES</b>				
Grants (Note D)	\$ -	\$ 15,956,691	\$ 15,956,691	\$ 17,935,335
Lease income	1,414,784	-	1,414,784	804,128
Other	182,297	-	182,297	48,648
Fund-raising	202,147	-	202,147	212,346
Net assets released from restrictions	<u>22,203,704</u>	<u>( 22,203,704)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>24,002,932</u>	<u>( 6,247,013)</u>	<u>17,755,919</u>	<u>19,000,457</u>
<b>EXPENSES</b>				
Research expenses	7,148,979	-	7,148,979	5,275,067
Cessation expenses	7,536,666	-	7,536,666	5,953,073
Salaries and related benefits	1,100,262	-	1,100,262	1,127,305
Operating services	2,717,529	-	2,717,529	2,329,709
Supplies	61,327	-	61,327	143,085
Professional services	795,745	-	795,745	794,645
Travel & meeting expenses	5,534	-	5,534	1,161
Depreciation	2,908,872	-	2,908,872	2,809,735
Fund-raising	57,086	-	57,086	69,728
Fund-raising distributions	447,627	-	447,627	-
Other	<u>139,385</u>	<u>-</u>	<u>139,385</u>	<u>21,960</u>
Total Expenses	<u>22,919,012</u>	<u>-</u>	<u>22,919,012</u>	<u>18,525,468</u>
<b>INCREASE IN NET ASSETS</b>	1,083,920	( 6,247,013)	( 5,163,093)	474,989
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,461,371</u>	<u>115,308,483</u>	<u>117,769,854</u>	<u>117,294,865</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,545,291</u>	<u>\$ 109,061,470</u>	<u>\$ 112,606,761</u>	<u>\$ 117,769,854</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, 2014**

		<b>Summarized Comparative Information <u>June 30, 2013</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grant revenue	\$ 16,057,892	\$ 21,810,144
Interest income	11,869	8,626
Other	<u>2,284,355</u>	<u>1,034,193</u>
	18,354,116	22,852,963
 Payments to employees and suppliers	 <u>15,811,374</u>	 <u>16,941,680</u>
 Net Cash Provided by Operating Activities	 2,542,742	 5,911,283
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	( 315,541)	( 2,071,162)
Construction in progress	<u>( 406,142)</u>	<u>( 81,610)</u>
 Net Cash Used in Investing Activities	 ( 721,683)	 ( 2,152,772)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Financing insurance proceeds	-	158,829
Insurance financing payments	<u>( 158,829)</u>	<u>( 94,000)</u>
 Net Cash Provided (Used) by Financing Activities	 ( 158,829)	 64,829
 Net Increase in Cash and Cash Equivalents	 1,662,230	 3,823,340
 Cash and Cash Equivalents at Beginning of Year	 <u>17,555,720</u>	 <u>13,732,380</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 19,217,950</u>	 <u>\$ 17,555,720</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, 2014**

<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>Summarized Comparative Information <u>June 30, 2013</u></b>	
Increase (decrease) in net assets	\$ <u>(5,163,093)</u>	\$ <u>474,989</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	2,908,872	2,809,735
(Increase) Decrease in operating assets:		
Receivables	615,306	3,874,809
Investments	( 17,109)	( 22,303)
Prepaid expenses	( 7,986)	1,042,500
Increase (decrease) in accounts payable and accrued liabilities	<u>4,206,752</u>	<u>(2,268,447)</u>
Total adjustments	<u>7,705,835</u>	<u>5,436,294</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ <u>2,542,742</u></b>	<b>\$ <u>5,911,283</u></b>

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, 2014**

**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 "Center") was incorporated June 7, 2002 under the laws of the State of Louisiana. The 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 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 Health System. The Center is controlled by a Board of Directors, most whose members are representatives of the member institutions.

2. Financial Statement Presentation

The 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 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, 2014.

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 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, 2014**

**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 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 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 Center 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, 2014**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

7. Investments

The 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 are 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 Center to capitalize property and equipment with an acquisition cost of \$5,000 or greater.

10. Subsequent Events

Subsequent events have been evaluated through August 22, 2014, the date the financial statements were available to be issued.

11. Summarized Comparative Information

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 Center's financial statements for the year ended June 30, 2013, 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, 2014**

**NOTE B - CASH**

At June 30, 2014, the Center's cash on deposit with financial institutions was covered by federal depository insurance, and collateralized by securities in the Center's name held by the Federal Reserve Bank.

**NOTE C - INVESTMENTS**

At June 30, 2014, investments, money market accounts, consisted of the following:

	<u>Fair Market Value</u>	<u>Cost</u>
Investments	\$ 7,902,774	\$ 7,844,239
Maintenance Reserve Account funds	<u>3,277,845</u>	<u>3,252,435</u>
Total investments	<u>\$ 11,180,619</u>	<u>\$ 11,096,674</u>

The unrealized appreciation for the year ended June 30, 2014 totaled \$17,109. The accumulated unrealized appreciation as of June 30, 2014 totaled \$83,945.

**NOTE D - GRANTS RECEIVABLE AND REVENUE**

Grants receivable and revenue consisted of the following at June 30, 2014:

	<u>Receivable</u>	<u>Revenue</u>
Louisiana State University Health Sciences Center in New Orleans - Cancer Research	\$ 1,830,916	\$ 9,208,566
Louisiana State University Health Sciences Center in New Orleans - Cessation Program	<u>1,249,130</u>	<u>6,282,480</u>
Total Louisiana State Health Sciences Center	3,080,046	15,491,046
Department of Economic Development and Office of Facility Planning and Control - Cooperative Endeavor Agreement	<u>521,919</u>	<u>465,645</u>
Totals	<u>\$ 3,601,965</u>	<u>\$ 15,956,691</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, 2014**

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2014</u>	<u>2013</u>
Building	\$ 84,990,277	\$84,990,277
Research equipment	7,595,031	7,284,808
Office furniture and equipment	<u>1,115,299</u>	<u>1,109,981</u>
Total	93,700,607	91,466,676
Less: accumulated depreciation	<u>( 9,823,033)</u>	<u>( 6,914,160)</u>
Total property and equipment, net	83,877,574	86,552,516
Land	671,808	671,808
Construction in progress	<u>487,752</u>	<u>81,610</u>
Total property and equipment	\$ <u>85,037,134</u>	\$ <u>87,224,324</u>

The construction in progress is for the build out of two additional floors. The total cost of the build out of the floors is estimated to be \$14,200,000, funded by a State Capital Outlay Grant.

Depreciation expense for the year ended June 30, 2014 amounted to \$2,908,872.

**NOTE F - RETIREMENT PLAN**

All full-time 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 Center as part of the established benefits package. The Plan also allows for employee contributions with a matching of up to 6% of the employee's annual compensation. The Center contributed \$49,332 to the Plan for the year ended June 30, 2014.

**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, 2014**

**NOTE G - SCHEDULE OF FUNCTIONAL EXPENSES**

A Schedule of Function Expenses for the year ended June 30, 2014 is as follows:

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and related expenses	\$ 7,574,892	\$ 1,100,262	\$ -	\$ 8,675,154
Professional services	4,791,707	795,745	-	5,587,452
Operating services	892,531	2,717,529	-	3,610,060
Fund raising expenses	-	-	57,086	57,086
Supplies	1,061,243	61,327	-	1,122,570
Other expenses	169,921	139,385	-	309,306
Travel & meeting expense	195,351	5,534	-	200,885
Depreciation expense	2,908,872	-	-	2,908,872
Fund-raising distributions	-	-	447,627	447,627
	<u>\$ 17,594,517</u>	<u>\$ 4,819,782</u>	<u>\$ 504,713</u>	<u>\$ 22,919,012</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, 2014.



**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, 2014**

**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 Center's financial instruments at fair value as of June 30, 2014.

	<u>Fair value Measurement of Reporting Date</u>		
	Quoted Prices in Active Markets for Identical Assets ( <u>Level 1</u> )	Significant Other Observable Inputs ( <u>Level 2</u> )	Significant Unobservable Inputs ( <u>Level 3</u> )
Financial Assets:			
Investments (Money Market funds)	\$ 11,180,619	\$ 11,180,619	\$ -      \$ -

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.  
HEALTH SCIENCES CENTER IN NEW ORLEANS/  
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**NOTES TO FINANCIAL STATEMENTS - Continued**

**June 30, 2014**

**NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

The assumptions to fair values are as follows

1. Investments (money market accounts) carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments.

**NOTE J - LEASES**

The Center's building is on land leased from the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The lease was executed on February 18, 2008, and has a lease term of fifty (50) years. At the end of the lease term or upon termination for any reason of the, to the extent allowed by Applicable Law, title to the Building, it and all other improvements, shall transfer to LSU. 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 June 30,</u>	<u>Amount</u>
2015	\$ 129,174
2016	129,174
2017	129,174
2018	129,174
2019	129,174
Thereafter	<u>4,990,334</u>
Total minimum lease payments	\$ <u>5,636,204</u>

Rental and lease expenses for the year ended June 30, 2014 amounted to \$129,174.

**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, 2014**

**NOTE J - LEASES - Continued**

A Maintenance Reserve Account is required to fund major maintenance, repair and replacements by annual deposits into the Maintenance Reserve Account of one and a half percent (1.5%) of the original construction cost for the building. The total annual payments shall not exceed 10% of the construction cash. Said amount may be adjusted with the consent of the Center, LSU and the Board of Regents. The Center shall be the custodian of the Maintenance Reserve Account and shall have the right to expend the funds therein for major maintenance, repairs and replacements. Following termination of the land lease (Ground Lease) for any reason, if title to the Building and all other improvements transfers to LSU, one hundred percent (100%) of all maintenance reserves (MRA), transfers to LSU. The amount deposited in the Maintenance Reserve Account during the year ended June 30, 2014 was \$1,092,615. The balance in the account at June 30, 2014 was \$3,277,845.

**NOTE K - INCOME TAXES**

The corporation is exempt from corporate income taxes under section 501(c)(3) of the Internal Revenue Code.

The Center has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Center does not believe its financial statements include any uncertain tax positions. Tax returns for the years ended June 30, 2012, 2013 and 2014 remain open and subject to examination by taxing authorities.

**NOTE L - ECONOMIC DEPENDENCY**

The Center received ninety (90) percent of its revenue from funds provided through funding by the State of Louisiana during the year ended June 30, 2014. The operations of the Center are funded by a legally dedicated State tobacco tax. Any reduction in the tax rate or the amount of taxes collected would have an adverse impact on the Center's operations.

**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, 2014**

**NOTE M - RELATED PARTIES**

In the year ended, June 30, 2012 the Center completed the construction of the Louisiana Cancer Research Center ("Cancer Center") which was constructed to house cancer researchers from the member institutions in order to foster integration of the cancer research programs which support the Center's primary function of conducting research and promoting education in the diagnosis, detection and treatment of cancer, in its pursuit of obtaining National Cancer Institute (NCI) designation. As a provision of the Occupancy Agreements between the Center and its partner institutions, each institution ("User") will occupy certain space in the Cancer Center whereas the User space will be allocated costs based on a sharing of the total operating costs ("User Share"). The Center provides such space to Users without the requirement that User's remit funds so long as User's use the space as permitted within the agreements and pursuant to La. R.S. 17:1921 et seq, however, under certain conditions, the User shall make cash payments for all or a portion of its User Share. The Users' Share for the year ending June 30, 2014 were LSUHSC - 27%, TUHSC - 26%, and XULA - 2%.

**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, 2014. The Chairman position rotates between the two Health Sciences Center's (LSUHSC and TUHSC) leaders as dictated by statute. The Dean of LSU Health Sciences Center in New Orleans School of Medicine 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 to LSUHSC, 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, 2014 was \$2,086,147.

**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, 2014**

**NOTE M - RELATED PARTIES - Continued**

LSUHSC through its stores and contract services conveniently and economically provides goods and services (including research equipment, office and computer supplies and I.T. related services) to the Center, which supports the mission of the Center. LSUHSC Auxiliary Stores also acts as agent for the procurement of research equipment on behalf of the Center as authorized by Facility Planning and Control (FPC). The total amount billed by LSUHSC during the fiscal year ended June 30, 2014 was \$356,766.

**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 and Dean for the School of Medicine served as Vice-Chairman of the Board for the fiscal year ended June 30, 2014. The other TUHSC position was held by the Medical Director for the Tulane Cancer Center.

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, 2014 was \$4,165,170.

**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. XULA's President served as Board member for the fiscal year ended June 30, 2014.

**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, 2014**

**NOTE M - RELATED PARTIES - Continued**

As grantee, XULA 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, 2014 was \$761,206.

**Ochsner Health System**

Ochsner Health System (OHS) 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 Xavier University of Louisiana (XULA).

As management, one member of Ochsner is on the governing Board of the Center. Ochsner's Senior Vice President and Chief Academic Officer served as Board member for the fiscal year ended June 30, 2014. There were no services rendered to the Center from OHS.

**NOTE N - CLASSIFICATION OF ACCOUNTS**

Certain prior year accounts have been reclassified to agree to the current year presentation.

**SUPPLEMENTAL INFORMATION**

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

**SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM**

**For the Year Ended June 30, 2014**

	<u>Cancer Research</u>	<u>Cessation</u>	<u>Fund Raising</u>	<u>Property and Equipment</u>	<u>Total</u>
<b>REVENUE</b>					
Grants	\$ 9,674,211	\$ 6,282,480	\$ -	\$ -	\$ 15,956,691
Lease income	1,414,784	-	-	-	1,414,784
Other	118,925	7,292	56,080	-	182,297
Fund raising	<u>-</u>	<u>-</u>	<u>202,147</u>	<u>-</u>	<u>202,147</u>
 Total Revenue	 <u>11,207,920</u>	 <u>6,289,722</u>	 <u>258,227</u>	 <u>-</u>	 <u>17,755,919</u>
 <b>EXPENSES</b>					
Research expenses	7,148,979	-	-	-	7,148,979
Cessation expenses	-	7,536,666	-	-	7,536,666
Salaries and related expenses	943,599	156,663	-	-	1,100,262
Fund-raising expenses	-	-	57,086	-	57,086
Professional services	777,605	18,140	-	-	795,745
Operating services	2,717,075	454	-	-	2,717,529
Supplies	61,327	-	-	-	61,327
Travel & meeting expenses	5,534	-	-	-	5,534
Other expenses	139,245	140	-	-	139,385
Depreciation	-	-	-	2,908,872	2,908,872
Fund-raising distributions	<u>-</u>	<u>-</u>	<u>447,627</u>	<u>-</u>	<u>447,627</u>
 Total expenses	 <u>11,793,364</u>	 <u>7,712,063</u>	 <u>504,713</u>	 <u>2,908,872</u>	 <u>22,919,012</u>
 <b>INCREASE (DECREASE) IN NET</b>					
<b>ASSETS</b>	( 585,444)	(1,422,291)	( 246,486)	( 2,908,872)	( 5,163,093)
 Property and Equipment Capitalized	 ( 721,682)	 -	 -	 721,682	 -
 Net assets, beginning of year	 <u>20,147,312</u>	 <u>8,762,579</u>	 <u>1,635,639</u>	 <u>87,224,324</u>	 <u>117,769,854</u>
 Net assets, end of year	 <u>\$ 18,840,186</u>	 <u>\$ 7,340,288</u>	 <u>\$ 1,389,153</u>	 <u>\$ 85,037,134</u>	 <u>\$ 112,606,761</u>



**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

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements 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 (internal control) to determine the audit procedures that are appropriate in the circumstances 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.

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

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cassio & Schmidt, L.P.C.*

Metairie, Louisiana  
August 22, 2014

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

**SCHEDULE OF FINDINGS AND RESPONSES**

**For the Year Ended June 30, 2014**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified 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.

**OTHER 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, 2014

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Affidavits

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**The Appendices Packet is located as a separate packet on OSRAP's website at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>.**

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2014

Louisiana Cancer Research Center of L.S.U. Health Sciences Center in  
New Orleans/Tulane Health Sciences Center  
1700 Tulane Avenue, 10<sup>th</sup> floor, 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

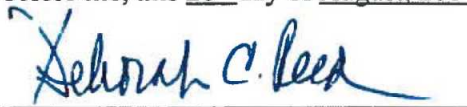
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Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

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 for the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center 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 Center in New Orleans/Tulane Health Sciences Center at June 30,2014 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 28<sup>th</sup> day of August, 2014.



Signature of Agency Official

  
NOTARY PUBLIC

Prepared by: Ryan A. Graffagnini  
Title: Fiscal Operations Manager  
Telephone No.: (504) 210-1719  
Date: 8/28/14  
Email Address: rgraftagnini@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, 2014**

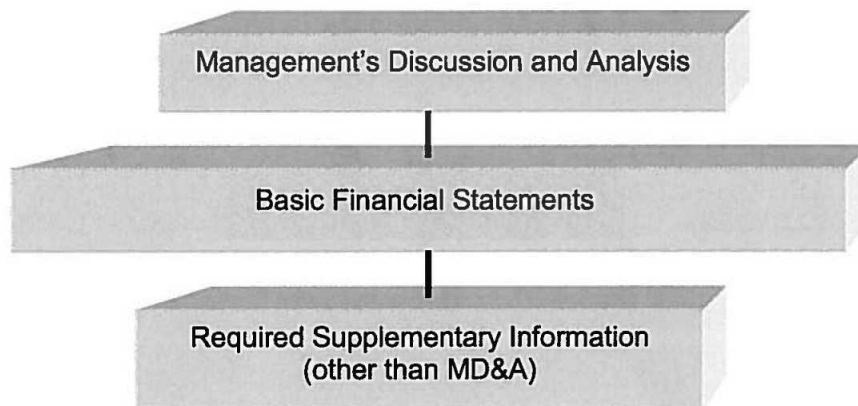
Management's Discussion and Analysis of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (the Center)'s financial performance presents a narrative overview and analysis of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (the Center)'s financial activities for the year ended June 30, 2014. 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 Center's financial statements, which begin on page 35.

**FINANCIAL HIGHLIGHTS**

- ★ The Center's assets and deferred outflows exceeded liabilities and deferred inflows at the close of fiscal year 2014 by \$112.6 million, which represents a 4.4% decrease from last fiscal year. The assets decreased by \$1.2 million (or 1%), primarily attributable to depreciated value of capital assets, including building and research equipment, with no major capital asset investments made during the year.
- ★ The Center's revenue decreased \$1.3 million (or 6.6%) and the net results from activities decreased by \$5.16 million (or 4.4%), partially attributable to a under collection and receipt of tobacco tax revenue as compared to budgeted (anticipated receipts based on original estimates/appropriation), and a 35% increase in research and cessation program related expenses.

**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, 2014**

**Basic Financial Statements**

The basic financial statements present information for the 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 Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position (pages 35 - 36) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (page 37) presents information showing how the Center assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods. There are also transactions that affected cash received in previous periods.

The Statement of Cash Flows (pages 39 - 40) presents information showing how the Center 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 Statement 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Position as of June 30, 2014 (in thousands)		
	Total	
	2014	2013
Current and other assets	\$ 34,567	\$ 33,498
Capital assets	85,037	87,224
<b>Total assets</b>	<b>119,604</b>	<b>120,722</b>
Total deferred outflow of resources	-	-
Other liabilities		
Long-term debt outstanding		
<b>Total Liabilities</b>	<b>7,001</b>	<b>2,953</b>
Total deferred inflow of resources		
Net position:		
Net investment in capital assets	85,037	87,224
Restricted (other)	24,024	28,084
Unrestricted	3,545	2,461
<b>Total net position</b>	<b>\$ 112,606</b>	<b>\$ 117,769</b>

**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, 2014**

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

Assets of the Center decreased by \$1.1 million, or (1%), from June 30, 2013 to June 30, 2014. The primary reason is due to an increase in current and other assets, including cash on hand, offset by a decrease in capital assets due to depreciation

**Statement of Revenues, Expenses, and Changes in Net Position  
for the years ended June 30, 2014  
(in thousands)**

	Total	
	2014	2013
Operating revenues	\$ 17,756	\$ 19,000
Operating expenses	22,919	18,525
Operating income(loss)	<u>(5,163)</u>	<u>475</u>
Non-operating revenues		
Non-operating expenses		
Income(loss) before transfers	<u>(5,163)</u>	<u>475</u>
Transfers in		
Transfers out		
Net increase(decrease) in net position	<u>\$ (5,163)</u>	<u>\$ 475</u>

The Center's total revenues decreased by \$1.2 million or (6.6%). The total cost of all programs and services increased by \$4.4 million or (24%).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year ended June 30, 2014, the Center had \$85 million invested in a broad range of capital assets, including land, building and improvements, research and office equipment (see accompanying Table). This amount represents a net decrease (including additions and deductions) of \$2.2 million, or (2.5%), decrease compared to last year.

**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, 2014**

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

- \$488 in construction in progress
- \$310 in research equipment

	<u>2014</u>	<u>2013</u>
Land	\$ 672	\$ 672
Buildings and improvements	80,741	82,863
Equipment	3,137	3,607
Intangible Assets		
Work in Progress	<u>488</u>	<u>82</u>
<b>Totals \$</b>	<u><b>85,038</b></u>	<u><b>\$ 87,224</b></u>

**Debt**

The Center had no bonds and notes outstanding at year-end, and had no bonds and notes outstanding during the previous year.

<b>Outstanding Debt at Year-end (in thousands)</b>		
	<u>2014</u>	<u>2013</u>
General Obligation Bonds	\$ -	\$ -
Revenue Bonds and Notes	<u>-</u>	<u>-</u>
<b>Totals \$</b>	<u><b>-</b></u>	<u><b>\$ -</b></u>

The Center has no claims and judgments outstanding at year-end. The Center does have other obligations which include accrued leave totaling \$78,689.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$1 million under budget and expenditures were more than budget due in part to unanticipated variance (decline) in tobacco tax collections compared to appropriated amounts. FY14 collections/tobacco tax revenue received were 6.4% less than budgeted/appropriated amount.

**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, 2014**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- Board and Management's commitment to improve the overall financial health of the Center
- Dependency on a dedicated but declining revenue stream (share of tobacco tax revenue)
- Competing priorities for limited available resources
- Impacts of inflation and increasing costs of services

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

- The enhancement of fundraising and development office resulting in an increase in gifts
- Probable increases in revenue (cost offsets) generated from ancillary support activities
- Increase in interest earnings

**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 Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Center's Finance Department at (504) 210-1591.

**STATE OF LOUISIANA** **Statement A**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN**  
**NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2014**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash equivalents	\$	19,217,950
Restricted Cash and Cash Equivalents		
Investments		7,902,774
Derivative Instruments		
Receivables (net of allowance for doubtful accounts)(Note U)		3,894,498
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		224,766
Notes Receivable		
Other Current Assets		
Total current assets		31,239,988

**NONCURRENT ASSETS**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		3,277,845
Notes Receivable		
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		671,808
Buildings and improvements		80,740,763
Machinery and equipment		3,136,811
Infrastructure		
Intangible assets		
Construction/Development-in-progress		487,752
Other noncurrent assets		52,400
Total noncurrent assets		88,367,379
Total assets	\$	119,607,367

**DEFERRED OUTFLOWS OF RESOURCES**

Accumulated decrease in fair value of hedging derivatives	\$	
<b>Deferred amounts on debt refunding</b>		
<b>Adjustments of capital lease obligations</b>		
<b>Grants paid prior to meeting time requirements</b>		
<b>Intra-entity transfer of future revenues (transferee)</b>		
<b>Losses from sale-leaseback transactions</b>		
<b>Direct loan origination costs for mortgage loans held for sale</b>		
<b>Fees paid to permanent investors prior to sale of mortgage loans</b>		
Total deferred outflow of resources	\$	-
Total assets and deferred outflow of resources	\$	119,607,367

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	7,000,606
Derivative instrument		
Due to other funds (Note Y)		
Due to federal government		
Unearned revenues		
Amounts held in custody for others		
Other current liabilities		

**STATE OF LOUISIANA** **Statement A**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN**  
**NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2014**

**Liabilities Con't**

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		7,000,606

**NONCURRENT LIABILITIES**

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	-
Total liabilities	7,000,606

**DEFERRED INFLOWS OF RESOURCES**

Accumulated increase in fair value of hedging derivatives	\$	
Deferred amounts related to service concession arrangement		
<b>Deferred amounts of debt refunding</b>		
<b>Adjustments of capital lease obligations</b>		
<b>Grants received prior to meeting time requirements</b>		
<b>Property taxes received before the period of which the taxes were levied</b>		
<b>Fines and penalties received in advance of meeting time requirements</b>		
<b>Sales/intra-entity transfers of future revenues (transferor)</b>		
<b>Gains from sale-leaseback transactions</b>		
<b>Points received on loan origination</b>		
<b>Loan origination fees received for mortgage loans held for sale</b>		
Total deferred inflows of resources		-

**NET POSITION**

Net investment in capital assets		85,037,134
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		24,024,336
Unrestricted		3,545,291
Total net position		112,606,761
Total liabilities, deferred inflows of resources, and net position	\$	119,607,367

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 NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Federal grants and contracts	_____
State, local and nongovernmental grants and contracts	15,956,691
Other	1,770,250
Total operating revenues	<u>17,726,941</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____
Administrative	20,010,140
Depreciation	2,908,872
Amortization	_____
Total operating expenses	<u>22,919,012</u>
Operating income(loss)	<u>(5,192,071)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
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	28,978
Other expense	_____
Total non-operating revenues(expenses)	<u>28,978</u>
Income(loss) before contributions, extraordinary items, & transfers	<u>(5,163,093)</u>
Capital contributions	_____
Extraordinary item	_____
Transfers in	_____
Transfers out	_____
Change in net position	<u>(5,163,093)</u>
Total net position beginning	_____
Total net position ending	<u>\$ (5,163,093)</u>

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



STATE OF LOUISIANA Statement C  
 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, 2014

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Entity	\$ 22,919,012	\$ _____	\$ 15,491,046	\$ 465,645	\$ (6,962,321)
General revenues:					
Taxes					_____
State appropriations					_____
Grants and contributions not restricted to specific programs					_____
Interest					28,978
Miscellaneous					1,770,250
Special items					_____
Extraordinary item					_____
Transfers					_____
Total general revenues, special items, and transfers					1,799,228
Change in net assets					(5,163,093)
Net position - beginning as restated					117,769,854
Net position - ending					\$ 112,606,761

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, 2014**

<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$	
Cash receipts from grants and contracts	<u>16,057,892</u>	
Cash receipts from interfund services provided		
Other operating cash receipts, if any	<u>2,296,224</u>	
Cash payments to suppliers for goods or services	<u>(15,811,374)</u>	
Cash payments to employees for services		
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any (* provide explanation)		
Net cash provided(used) by operating activities		<u>2,542,742</u>
<b>Cash flows from non-capital financing activities</b>		
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		
Principal paid on notes payable	<u>(158,829)</u>	
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other (**provide explanation)		
Net cash provided(used) by non-capital financing activities		<u>(158,829)</u>
<b>Cash flows from capital and related financing activities</b>		
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	<u>(721,683)</u>	
Proceeds from sale of capital assets		
Capital contributions		
Deposits with trustees		
Deferred proceeds from capital leases		
Net cash provided(used) by capital and related financing activities		<u>(721,683)</u>
<b>Cash flows from investing activities</b>		
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>1,662,230</u>
Cash and cash equivalents at beginning of year		<u>17,555,720</u>
Cash and cash equivalents at end of year	\$	<u><u>19,217,950</u></u>

**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, 2014**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)		\$ <u>(5,163,093)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	<u>2,908,872</u>	
Provision for uncollectible accounts	<u>                    </u>	
Other	<u>                    </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>615,306</u>	
(Increase)decrease in due from other funds	<u>                    </u>	
(Increase)decrease in prepayments	<u>(7,986)</u>	
(Increase)decrease in inventories	<u>                    </u>	
(Increase)decrease in other assets	<u>(17,109)</u>	
Increase(decrease) in accounts payable and accruals	<u>4,206,752</u>	
Increase(decrease) in compensated absences payable	<u>                    </u>	
Increase(decrease) in due to other funds	<u>                    </u>	
Increase(decrease) in deferred revenues	<u>                    </u>	
Increase(decrease) in OPEB payable	<u>                    </u>	
Increase(decrease) in other liabilities	<u>                    </u>	
 Net cash provided(used) by operating activities		 \$ <u><u>2,542,742</u></u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease(s)		\$ <u>                    </u>
Contributions of fixed assets		<u>                    </u>
Purchases of equipment on account		<u>                    </u>
Asset trade-ins		<u>                    </u>
Other (specify)		<u>                    </u>
<hr/>		<hr/>
<hr/>		<hr/>
<hr/>		<hr/>
<b>Total noncash investing, capital, and financing activities:</b>		<b>\$ <u><u>N/A</u></u></b>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
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, 2014**

Please provide an explanation of what is included in "other." If there are multiple reasons, please list each out separately along with the amount.

\* Other (operating cash payments)

N/A

\*\*Other (cash flows from non capital financing activities)

N/A

\*\*\*Other (cash flows from capital and related financing activities)

N/A

**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  
As of and for the year ended June 30, 2014**

**INTRODUCTION**

The Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences 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 of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center:

**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 Center present information only as to the transactions of the programs of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences 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 of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences 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.

**STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES  
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**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences 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>16,548,000</u>
Amendments:	_____ _____ _____ _____
Final approved budget	\$ <u><u>16,548,000</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 Appendices Packet - Appendix A at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, 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 of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center may invest in time

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES  
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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 statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and 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.

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES  
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The deposits at June 30, 2014, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 19,217,950	\$	\$	\$ 19,217,950
Deposits in bank accounts per bank	\$ 19,871,882	\$	\$	\$ 19,871,882
Bank balances exposed to custodial credit risk:	\$ 19,871,882	\$	\$	\$ 19,871,882
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	19,871,882	_____	_____	19,871,882

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per statement of net position" 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	\$ 11,729,082
2. Whitney Bank	Cessation	6,980,625
3. Whitney Bank	Fundraising	1,162,175
4. _____	_____	_____
Total		\$ 19,871,882

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 statement of net position to amounts reported in this note, list below any cash in treasury and petty cash that are included on the statement of net position.

Cash in state treasury	\$ 0
Petty cash	\$ 0



**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES  
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As of and for the year ended June 30, 2014**

**2. INVESTMENTS**

The Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center does maintain investment accounts as authorized by the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences 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 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.

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LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES  
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<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Statement of Net Position</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: (Money Market)	_____	11,180,619	11,180,619	11,180,619
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ 11,180,619	\$ 11,180,619	\$ 11,180,619

\* 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 Appendices Packet, Appendix A, at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm> for the definition of US Government Obligations)

\*\*\* These obligations may not be exposed to custodial credit risk (See Appendix A in the Appendices Packet for a 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**

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 unrated, disclose that amount).

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 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES  
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<u>Rating Agency</u>	<u>Rating</u>	<u>Fair Value</u>
N/A		\$
	Total	\$ -

**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 at <http://www.doa.louisiana.gov/OSRAP/library/memos/11/OSRAP1122.pdf>)

<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	\$ N/A	\$	\$	\$	\$
U.S. Agency obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds (describe)					
Mutual bond funds					
Other					
Total debt investments	\$ -	\$ -	\$ -	\$ -	\$ -

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 Appendices Packet at [www.doa.louisiana.gov/OSRAP/afppackets.htm](http://www.doa.louisiana.gov/OSRAP/afppackets.htm) (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>
N/A	\$	
Total	\$ -	

**STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES  
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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>
N/A	\$ _____	_____
_____	_____	_____
_____	_____	_____
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.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
N/A	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
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, 2014. If no derivative instruments were held by the entity at June 30, please state "None".

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
N/A						

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>
N A	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____ -	\$ _____ -

4. Reclassification from Hedging Derivative Instrument to Investment Derivative Instrument

<u>Item Reclassified</u>	<u>Notional Amount</u>	<u>Ineffective @</u>	<u>Fair Value @</u>	<u>Ineffective @</u>	<u>Fair Value @</u>	<u>Change in Fair</u>
		<u>6/30/14</u>		<u>6/30/13</u>		<u>Value @</u>
		<u>(Y/N)</u>	<u>6 30 14</u>	<u>(Y/N)</u>	<u>6/30/13</u>	<u>6/30/14</u>
N A	_____	_____	_____	_____	_____	-
_____	_____	_____	_____	_____	_____	-
_____	_____	_____	_____	_____	_____	-
_____	_____	_____	_____	_____	_____	-

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, 2014.

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

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

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.

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

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

1. Credit Risk of Hedging Derivative Instruments

N/A

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
N/A						

3. Basis Risk of Hedging Derivative Instruments

N/A

4. Termination Risk of Hedging Derivative Instruments

N/A

5. Rollover Risk of Hedging Derivative Instruments

N/A

6. Market-Access Risk of Hedging Derivative Instruments

N/A

7. Foreign Currency Risk of Hedging Derivative Instruments

N/A

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

If any hedged items are a debt obligation, then its net cash flows are required to be disclosed in accordance with GASB Statement 38, paragraphs 10 – 11. This information, if applicable, should be provided below.

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 Statement 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>
2015	\$ N/A	\$ _____	\$ _____	\$ _____
2016				-
2017				-
2018				-
2019				-
2020-2024				-
2025-2029				-
2030-2034				-
2035-2039				-
2040-2044				-
Total	_____	_____	_____	_____

*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.

N/A

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 Statement 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).



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Fiscal Year Ending June 30	Minimum Future Lease Payment
2015	\$ N/A
2016	
2017	
2018	
2019	
2020-2024	
2025-2029	
2030-2034	
2035-2039	
2040-2044	

If effectiveness is determined by another quantitative method not identified in GASB Statement 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.

N/A

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

N/A

**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

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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

b. Securities underlying reverse repurchase agreements

N/A

c. Unrealized investment losses

NONE

d. Commitments as of June 30, 2014 to resell securities under yield maintenance repurchase agreements:

1. Carrying amount and market value at June 30 of securities to be resold

N/A

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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 statement of net position

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

N/A

- j. Commitments on June 30, 2014 to repurchase securities under yield maintenance agreements

N/A

- k. Market value on June 30, 2014 of the securities to be repurchased

N/A

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- 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

N/A

- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement

N/A

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

N/A

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- 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

N/A

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

- 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 statement of net position 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 6/30/2013	Prior Period Adjustments	Restated Balance 6/30/2013	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2014
Capital assets not depreciated:							
Land	\$ 671,808	\$ -	\$ 671,808	\$ -	\$ -	\$ -	\$ 671,808
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	81,609	-	81,609	406,143	-	-	487,752
Total capital assets not depreciated	\$ 753,417	\$ -	\$ 753,417	\$ 406,143	\$ -	\$ -	\$ 1,159,560
Other capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	84,990,277	-	84,990,277	-	-	-	84,990,277
** Accumulated depreciation	(2,126,797)	-	(2,126,797)	-	-	(2,122,717)	(4,249,514)
Total buildings	82,863,480	-	82,863,480	-	-	(2,122,717)	80,740,763
Machinery & equipment	8,394,789	-	8,394,789	315,541	-	-	8,710,330
** Accumulated depreciation	(4,787,363)	-	(4,787,363)	(18,419)	-	(767,737)	(5,573,519)
Total machinery & equipment	3,607,426	-	3,607,426	297,122	-	(767,737)	3,136,811
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 86,470,906	\$ -	\$ 86,470,906	\$ 297,122	\$ -	\$ (2,890,454)	\$ 83,877,574
Capital asset summary:							
Capital assets not depreciated	\$ 753,417	\$ -	\$ 753,417	\$ 406,143	\$ -	\$ -	\$ 1,159,560
Other capital assets, book value	93,385,066	-	93,385,066	315,541	-	-	93,700,607
Total cost of capital assets	94,138,483	-	94,138,483	721,684	-	-	94,860,167
Accumulated depreciation/amortization	(6,914,160)	-	(6,914,160)	(18,419)	-	(2,890,454)	(9,823,033)
Capital assets, net	\$ 87,224,323	\$ -	\$ 87,224,323	\$ 703,265	\$ -	\$ (2,890,454)	\$ 85,037,134

\* 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.

N/A

**E. INVENTORIES**

N/A

**F. RESTRICTED ASSETS**

N/A

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center has the following policy on annual and sick leave:

Employees of the Louisiana Cancer Research 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 leave at June 30, 2014 amount to \$78,689.

**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 of up to 6% of the employee's annual compensation. The Louisiana Cancer Research Center contributed \$49,332 to the Plan for the year ended June 30, 2014.

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I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 2014 amounted to \$129,174. (Note: If lease payments extend past FY 2029, 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 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020-2024	FY 2025-2029
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 2030-2034	FY 2035-2039	FY 2040-2044	FY 2045-2049	FY 2050-2054	FY 2055-2058
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____
Land	645,870	645,870	645,870	645,870	645,870	469,244
Other	_____	_____	_____	_____	_____	_____
Total	\$ 645,870	\$ 645,870	\$ 645,870	\$ 645,870	\$ 645,870	\$ 469,244

2. CAPITAL LEASES

Capital leases are not recognized in the accompanying financial statements.

3. LESSOR DIRECT FINANCING LEASES

N/A



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4. LESSOR – OPERATING LEASE

N/A

**K. LONG-TERM LIABILITIES**

N/A

**L. CONTINGENT LIABILITIES**

N/A

**M. RELATED PARTY TRANSACTIONS**

In the year ended, June 30, 2012 the Center completed the construction of the Louisiana Cancer Research Center (“Cancer Center”) which was constructed to house cancer researchers from the member institutions in order to foster integration of the cancer research programs which support the Center’s primary function of conducting research and promoting education in the diagnosis, detection and treatment of cancer, in its pursuit of obtaining National Cancer Institute (NCI) designation. As a provision of the Occupancy Agreements between the Center and its partner institutions, each institution (“User”) will occupy certain space in the Cancer Center whereas the User space will be allocated costs based on a sharing of the total operating costs (“User Share”). The Center provides such space to Users without the requirement that User’s remit funds so long as User’s use the space as permitted within the agreements and pursuant to La. R.S. 17:1921 et seq, however, under certain conditions, the User shall make cash payments for all or a portion of its User Share. The Users’ Share for the year ending June 30, 2014 were LSUHSC - 27%, TUHSC - 26%, and XULA - 2%.

**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, 2014. The Chairman position rotates between the two Health Sciences Center’s (LSUHSC and TUHSC) leaders as dictated by statute. The Dean of LSU Health Sciences Center in New Orleans School of Medicine 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 to LSUHSC by the State of Louisiana for the Center.

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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, 2014 was \$2,086,147.

LSUHSC through its stores and contract services conveniently and economically provides goods and services (including research equipment, office and computer supplies and I.T. related services) to the Center, which supports the mission of the Center. LSUHSC Auxiliary Stores also acts as agent for the procurement of research equipment on behalf of the Center as authorized by Facility Planning and Control (FPC). The total amount billed by LSUHSC during the fiscal year ended June 30, 2014 was \$356,766.

**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 and Dean for the School of Medicine served as Vice-Chairman of the Board for the fiscal year ended June 30, 2014. The other TUHSC position was held by the Medical Director for the Tulane Cancer Center.

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, 2014 was \$4,165,170.

**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. XULA's President served as Board member for the fiscal year ended June 30, 2014.

As grantee, XULA 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, 2014 was \$761,206.

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**Ochsner Health System**

Ochsner Health System (OHS) 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 Xavier University of Louisiana (XULA).

As management, one member of Ochsner is on the governing Board of the Center. Ochsner's Senior Vice President and Chief Academic Officer served as Board member for the fiscal year ended June 30, 2014. There were no services rendered to the Center from OHS.

**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

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

N/A

**T. SHORT-TERM DEBT**

N/A

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**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2014 were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General Fund	\$ _____	\$ _____	\$ 3,601,965	\$ 292,533	\$ 3,894,498
Gross receivables	\$ -	\$ -	\$ 3,601,965	\$ 292,533	\$ 3,894,498
Less allowance for uncollectible accounts					
Receivables, net	\$ -	\$ -	\$ 3,601,965	\$ 292,533	\$ 3,894,498
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2014, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 6,920,682	\$ 79,924	\$ _____	\$ _____	\$ 7,000,606
Total payables	\$ 6,920,682	\$ 79,924	\$ -	\$ -	\$ 7,000,606

**W. SUBSEQUENT EVENTS**

N/A

**X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT**

N/A

**Y. DUE TO/DUE FROM AND TRANSFERS**

N/A

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

N/A

**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  
As of and for the year ended June 30, 2014**

**AA. PRIOR-YEAR RESTATEMENT OF NET POSITION**

N/A

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

N/A

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES**

N/A

**DD. EMPLOYEE TERMINATION BENEFITS**

The Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences 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 of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center

**EE. POLLUTION REMEDIATION OBLIGATIONS**

N/A

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

N/A

**GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES**

N/A

**HH. SERVICE CONCESSION ARRANGEMENTS**

N/A

**II. NONEXCHANGE FINANCIAL GUARANTEES (GASB 70)**

N/A

**STATE OF LOUISIANA**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN**  
**NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**  
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
**June 30, 2014**

Name	Amount
NONE _____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN**  
**NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**  
**SCHEDULE OF NOTES PAYABLE**  
**JUNE 30, 2014**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
<u>N/A</u>		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
Total		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>		<u>\$ _____</u>

\*Send copies of new amortization schedules

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN  
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
SCHEDULE OF BONDS PAYABLE  
JUNE 30, 2014**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
<b>Series:</b>							
N/A		\$	\$	\$	\$		\$
<b>Unamortized Discounts and Premiums Series:</b>							
<b>Total</b>		\$	\$	\$	\$		\$

**\*Note: Principal outstanding (bond series minus unamortized costs) at 6/30/14 should agree to bonds payable on the statement of net position.**

**Send copies of new amortization schedules for bonds and unamortized costs.**



**STATE OF LOUISIANA**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN**  
**NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended June 30, 2014**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2015	\$ N/A	\$	\$	\$ --
2016	_____	_____	_____	_____
2017	_____	_____	_____	_____
2018	_____	_____	_____	_____
2019	_____	_____	_____	_____
2020-2024	_____	_____	_____	_____
2025-2029	_____	_____	_____	_____
2030-2034	_____	_____	_____	_____
2035-2039	_____	_____	_____	_____
 Total	 \$ --	 \$ --	 \$ --	 \$ --

SCHEDULE 4-A

**STATE OF LOUISIANA**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN**  
**NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For the Year Ended June 30, 2014**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ N/A _____	\$ _____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
2030-2034	_____	_____
2035-2039	_____	_____
<b>Total</b>	<b>\$ _____ --</b>	<b>\$ _____ --</b>

**STATE OF LOUISIANA**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN**  
**NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 2014**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2015	\$ N/A	\$
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
Subtotal	--	--
Unamortized Discounts/Premiums		
Total	\$ --	\$ --

**\*Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/14 should agree to bonds payable on the statement of net position.**

SCHEDULE 4-C

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

**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 **\$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 17,755,919	\$ 19,000,457	\$ (1,244,538)	\$ (7%)
Expenses	22,919,012	18,525,468	4,393,544	24%
2) Capital assets	85,037,134	87,224,324	(2,187,190)	(3%)
Long-term debt	_____	_____	-	_____
Net position	112,606,761	117,769,854	(5,163,093)	(4%)
Explanation for change:	_____			
	_____			
	_____			
	_____			

