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**LSU HEALTH SCIENCES FOUNDATION
IN SHREVEPORT
SHREVEPORT, LOUISIANA
June 30, 2005**

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

Release Date 6/7/06



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

810 WILKINSON
SHREVEPORT, LOUISIANA

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JUNE 30, 2005

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS



Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Board of Directors
LSU Health Sciences Foundation in Shreveport
Shreveport, Louisiana

I have audited the accompanying statement of financial position of the LSU Health Sciences Foundation in Shreveport (a nonprofit organization) as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the 2005 financial statements referred to above present fairly, in all material respects, the financial position of the LSU Health Sciences Foundation in Shreveport as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying other financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the LSU Health Sciences Foundation in Shreveport. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Marsha O. Millican

Certified Public Accountant
October 28, 2005

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
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LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2005

A S S E T S

Cash and cash equivalents	21,839
Pledge receivable	250,000
Investments-Note 3	30,711,344
Donated land and buildings	894,000
Equipment and furniture, less accumulated depreciation of \$30,595	5,951
Investment in real estate-Notes 7 and 8	1,989,358
Other assets	<u>1,900</u>
Total assets	<u>33,874,392</u>

LIABILITIES AND NET ASSETS

<u>Liabilities:</u>	
Accounts payable	87,959
Payroll and related taxes payable	356
Other payable	22,813
Deferred revenue-Note 9	519,265
Notes payable-Note 8	788,300
Due to LSU Medical Center Shreveport-Note 6	<u>3,109,535</u>
Total liabilities	4,528,228
<u>Net assets:</u>	
Unrestricted	2,594,984
Temporarily restricted-Note 4	19,769,912
Permanently restricted-Note 5	<u>6,981,268</u>
Total net assets	<u>29,346,164</u>
Total liabilities and net assets	<u>33,874,392</u>

The accompanying notes are an integral part of the financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support, revenues and gains:</u>				
Contributions and grants	287,378	2,591,245	470,955	3,349,578
Income on long-term investments	445,102	319,083	201,938	966,123
Net realized and unrealized gains (losses) on long-term investments	88,628	(73,492)	533,941	549,077
Management fee income	148,770	-	-	148,770
Rental income	397,798	-	-	397,798
Total support, revenues and gains	<u>1,367,676</u>	<u>2,836,836</u>	<u>1,206,834</u>	<u>5,411,346</u>
<u>Net assets released from restrictions</u>	<u>1,867,720</u>	<u>(1,432,674)</u>	<u>(435,046)</u>	<u>-</u>
<u>Total support, revenues, gains and reclassifications</u>	<u>3,235,396</u>	<u>1,404,162</u>	<u>771,788</u>	<u>5,411,346</u>
<u>Expenses:</u>				
Management and general	1,689,222	-	-	1,689,222
Feist-Weiller Cancer Center	674,142	-	-	674,142
Grants and honorariums	92,488	-	-	92,488
Total expenses	<u>2,455,852</u>	<u>-</u>	<u>-</u>	<u>2,455,852</u>
<u>Increase in net assets</u>	<u>779,544</u>	<u>1,404,162</u>	<u>771,788</u>	<u>2,955,494</u>
<u>Net assets at beginning of period</u>	<u>1,815,440</u>	<u>18,365,750</u>	<u>6,209,480</u>	<u>26,390,670</u>
<u>Net assets at end of period</u>	<u>2,594,984</u>	<u>19,769,912</u>	<u>6,981,268</u>	<u>29,346,164</u>

The accompanying notes are an integral part of the financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2005

<u>Cash flows from operating activities:</u>	
Increase in net assets	2,955,494
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	4,493
Net realized and unrealized (gain) on long-term investments	(549,077)
Donated land and buildings	(890,000)
Decrease in accounts receivable	1,116
(Increase) in pledges receivable	(239,266)
(Increase) in other assets	(1,844)
Increase in accounts payable	35,337
(Decrease) in payroll taxes payable	(2)
Increase in other payable	22,813
Increase in deferred revenue	519,265
Increase in due to LSU Medical Center Shreveport	<u>925,391</u>
Net cash provided by operating activities	2,783,720
 <u>Cash flows from investing activities:</u>	
Purchase of real estate and fixed assets	(297,484)
Purchase of investments-net	<u>(3,064,291)</u>
Net cash (used) by investing activities	(3,361,775)
 <u>Cash flows from financing activities:</u>	
Proceeds from notes payable	276,000
Repayment of notes payable	<u>(218,563)</u>
Net cash provided by financing activities	<u>57,437</u>
 <u>Net (decrease) in cash and cash equivalents</u>	(520,618)
 <u>Cash and cash equivalents at beginning of period</u>	<u>542,457</u>
 <u>Cash and cash equivalents at end of period</u>	<u><u>21,839</u></u>
 <u>Supplemental disclosure of cash flow information:</u>	
Cash paid for interest	<u>41,825</u>
Fair value of donated land and buildings	<u>890,000</u>

The accompanying notes are an integral part of the financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

1. Nature of Business.

The LSU Health Sciences Foundation in Shreveport is a public, nonprofit corporation formed in 1997 and governed by a board of directors. The organization's goal is to support, enhance, and assist the LSU Medical Center Shreveport in its many endeavors by expanding the public's awareness of the Medical Center's many contributions to medical research, education of medical professionals, and quality health care, to develop and enhance financial support for the Medical Center, and provide the means through which financial support is received and administered.

2. Summary of Significant Accounting Policies.

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation, and/or by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

The statement of activities presents expenses of the Foundation's operations functionally between management and general expenses, Feist-Weiller Cancer Center expenses, and grants and honorariums.

- b. In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.
- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

2. Summary of Significant Accounting Policies. (Continued)

- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.
- f. The LSU Health Sciences Foundation in Shreveport qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.
- g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.
- h. Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method. Equipment and furniture are depreciated over an estimated useful life of five to seven years. Improvements to investments in real estate are depreciated over an estimated useful life of twenty years.

3. Investments.

As of June 30, 2005, the investments of all funds consisted of marketable securities and trust assets held in bank pools and brokerage accounts, which are recorded at market value, as detailed below:

	<u>Market Value</u>	<u>Cost</u>
Schwab Institutional Funds-Nonendowed Pool:		
Cash and money market funds	379,370	379,370
Fixed income-U.S. government obligations	2,533,278	2,519,912
Fixed income-CMO and asset backed securities	1,404,822	1,389,619
Accrued income	<u>27,960</u>	<u>27,960</u>
	<u>4,345,430</u>	<u>4,316,861</u>
Schwab Institutional Funds-Endowed Pool:		
Money market funds	22,869	22,869
Fixed income-bond fund	3,592,064	3,508,087
Fixed income-U.S. government obligations	225,072	224,930
Fixed income-CMO and asset backed securities	200,209	202,176
Domestic equities	5,542,251	4,787,176
International equities	<u>671,120</u>	<u>578,361</u>
	<u>10,253,585</u>	<u>9,323,599</u>

3. Investments. (Continued)

	<u>Market Value</u>	<u>Cost</u>
Feist Treasury:		
Bank One:		
Cash and cash equivalents	295,770	295,770
Fixed income-U.S. treasuries	7,378,783	7,485,164
Accrued income	<u>52,042</u>	<u>52,042</u>
	7,726,595	7,832,976
Schwab Institutional Funds:		
Money market funds	306,198	306,198
Fixed income-U.S. treasuries	8,027,908	7,958,694
Accrued income	<u>51,628</u>	<u>51,628</u>
	<u>8,385,734</u>	<u>8,316,520</u>
 Total Feist Treasury	 <u>16,112,329</u>	 <u>16,149,496</u>
 Total investments	 <u>30,711,344</u>	 <u>29,789,956</u>

The investments in the bank pools and the brokerage accounts were uninsured and were not collateralized, making a total of approximately \$30,700,000 in off-balance sheet risk at June 30, 2005. The possibility of loss exists if the investment funds holding uninsured deposits were to fail.

4. Temporarily Restricted Net Assets.

Temporarily restricted net assets consisted of the following as of June 30, 2005:

Feist-Weiller Treasury Account	15,744,743
Feist-Weiller Cancer Center	4,393
Glass Flexible Spending	8,869
Mancini Lung Fund	19,600
McLarty: Research Sup Fund-Feist-Weiller	1,859
LSUMC Alumni Association	103,113
Med School Alumni Computer Lab Fund	114
Physiology/Granger Flex	26,903
Pharmacology/Dunn/Seminar Fund	18,342
Pharmacology/McMartin/Toxicology	5,224
Pharmacology/Dunn	3,388
Hematology/Burton Flex Residual	81,777
Urology/Venable SW Inc.	11,610
Urology/Venable Flex Residual	167
Urology/Venable Merck 1	1,633
Urology/Venable Burdette Trich	5,014
Urology/Venable Shafto Memorial	991
OB/GYN/London Improvement Fund	15,872
OB/GYN/London/Cravens Award	63,449
Pediatrics/Neo Pramanik Flex	47,126

4. Temporarily Restricted Assets. (Continued)

Pediatrics/Pramanik Flex Residual	86,829
Pediatrics/Pramanik ONY 1	51,733
Pediatrics/Hematology/Oncology Clinic	1,556
Bahna/Moissidis Ped Allergy and Immunization	4,900
Cardiopulmonary Serv Continuing Ed	4,487
HR Project Care Workplace Literacy	198
Needy Student Fund	9,018
Susan Sewell Fund	1,343
Psychiatry Flexible Residual	25,801
Pathology Flexible Spending	(1,766)
Pulmonary/Payne Flexible Residual	8,472
Pulmonary/Payne/Video Award	1,207
Phys-biophy/Grisham Flex	95,523
Phys-biophy/Grisham Conference	11,233
Physiology/Alexander/Research	13,372
Physiology-CCII/Lefer/Research	3,137
Physiology-Feelisch Flex	124
Rheumatology/Wolf Flex Residual	106,960
So Area Fibromyalgia Res Organ	2,633
Microbiology/Berg Flex	12,578
Microbiology/Berg Biocodex 2	1,578
Microbiology/Jennings/Research	1,893
Microbiology/O'Callaghan/Flex	2,943
ENT Flexible Spending	562
Feist-Chancellor Fund	289,602
CME/Chesson	43,494
Radiology/D'Agostino/Enrich	7,419
Radiology/Odita Scholarship Fund	328
Neurosurgery/Nanda Flex Residual	71,145
Neurosurgery Residency Support	27,720
Nephrology/Abreo Flex Residual	61,788
Surgery/McDonald/Trauma Fund	762
Surgery/Gebel/Transplant Res.	18,597
Surgery/Diabetic Limb Preservation Fund	4,821
Surgery/Zibari/Transplant Research	52,691
Li/Turnage-Schump Research Fund	5,881
Wyche Coleman Fund	5,000
Vascular/Endovasc Surgery Program	552
Internal Medicine Interest Group	5,292
Gastroenterology/Jordan Flex Residual	1,463
Pulmonary/Conrad	9,724
Biochemistry/Rhoads Feist 2	4,174
Biochemistry/Good Feist 2	(25)
Cardiology/Reddy	19,474
Cardiology/Caskey/Education	400
Ghali/Cardio Flexible Residual	49
Hematology/Mills/Cancer Center	5,514
LSUMCS/Muslow Dean's Discretionary	6,452

4. Temporarily Restricted Assets. (Continued)

Chancellor-Strategic Plan Fund	26,867
Dean's Academic Affairs	40,137
Neurology/Chesson Sleep Disorders Clinic	16,924
Neurology/Jaffe/Flex Spending	7,587
Neurology/Parkinson's Resource	14,712
Neurology/Atlick Fund	19,800
Ward Professor/Brain Disease Research	6,549
Minagar's Flexible Residual Account	25,318
Family Medicine/LaRavia Alexandria	2,267
Family Medicine/Harper/Residual	3,438
Family Medicine/Givier/Monroe Program	3,263
Family Medicine/Fletcher/Obesity Discretionary	1,320
Family Medicine/Madden/Alexandria	878
Family Medicine/Pope/Educational Materials	39
Family Medicine/Harper/Educational Materials	400
Family Medicine/Educational Fund/Pope	2,081
Selber Endocrine/Levine Discretionary	19,211
Pediatrics/Hilman Cystic Fibrosis Fund	45,204
Pediatrics/Bocchini Reach Out & Read Program	9,734
Pediatrics/Wilson/CCRC	3,236
Pediatrics/Resident Fund	1,435
Joseph Lindsey Memorial Fund	104
Pediatric Allergy/Immunology Program	8,771
LSUMC/DeSha Alumni Reunion	(3,131)
AH/McCullough/School Fund	3,079
AH/McCullough/Communication Disorders	16,305
AH/Children's Center Renovation Fund	109,085
SAHP Alumni Association	3,648
SAHP Cardiopulmonary Science	79
SAHP Clinical Lab Science	203
SAHP Occupational Therapy	176
SAHP Physician's Assistant	3,421
AH/Physical Therapy/Alumni Scholarship	2,500
AH/Physician's Assistant/Student Account	85
AH/CPS Student Account	(4)
Emergency Room/Conrad Flex Residual	440
Oncology Transportation Program	808
Oncology Patient Support Funds	(41)
Nurse Administration/C Gay Assistance Fund	183
Health Sciences Library/Craig	17,463
Patient Relations	1,405
Bone Marrow Transportation Flex Spending	5,005
Medicine/Banks/Resident Account	3,610
Internal Medicine Chairman Program Fund	3
Emergency Medicine/Arnold	6,025
Medicine/Division of Research Education	1,384
Task Force on Health Literacy	24,500
Patient Care Services Flex Account	399

4. Temporarily Restricted Assets. (Continued)

Oral Surgery/Ghail/Discretionary Spending	174,977
Orthopedic Surgery/Albright Discretionary	14,006
Orthopedic Rehabilitation ONE	21,224
Orthopedic Rehabilitation TWO	73,819
Osteoporosis Education	5,256
John Whitaker Visiting Professor	2,036
Neurosurgery/Nanda/Research	446,997
Legal Affairs/Employee Assistance	29,622
Anesthesiology/Cork/Resident Assistance	2,907
Anesthesiology Pain Fellowship Fund	523
Pediatrics/Bocchini/Children's Hospital	6,660
Pediatrics/Children's Hospital/Fund Raiser	14,309
Child Life Flexible Fund	8,236
Bocchini Memorial Fund	13,471
Surgery/Sittig/Chad Johnson Burn Program	805
Burn Center Flexible Spending Account	9,975
PIWP/Ford/Monroe-EA Conway	1,391
OB/GYN/Wise/Monroe/EA Conway	3,033
OB/GYN/Wise/Truly Award	3,760
Admin Seferovic Fund	1,899
John C. McDonald, M.D. Chair in Surgery Spending Account	44,259
Jack W. Pou, M.D. Chair in Otolaryngology Spending Account	42,652
Albert Sklar Professorship in Surgery Spending Account	8,417
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology Spending Account	75,754
Mary Louise and Ben Levy Professorship in Neurosurgery Spending Account	4,367
Paul R. Winder, M.D. Professorship in Dermatology Spending Account	13,831
H. Whitney Boggs, Jr. M.D. Professorship of Colon/Rectal Surgery Spending Account	5,891
Albert G. and Harriet G. Smith Professorship in Pathology Spending Account	4,403
Mollie E. Webb Endowed Spending Account	1,037
Albertson's Distinguished Professorship in Allied Health Science Spending Account	1,569
Carroll W. Feist Chair for the Study of Cancer Spending Account	55,581
Pulmonary/MeNeely Endowment Spending Account	1,642
Urology/Womack Endowment Spending Account	11,353
Psychiatry/Frost Spending Account	4,410
OB/GYN/Crawford Endowment Spending Account	302
Medicine/Gottlieb Endowment Spending Account	2,604
Dr. Y. S. Goel Student Scholarship Spending Account	438
Orthopedic Surgery/Albright Spending Account	40
Archibald Bell Nelson Professorship in Orthopaedics Spending Account	10,822
Neurology/Kelly/Professorship Spending Account	6
Joanna Gunning Magale Professorship in Neurology Spending Account	6,056
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery Spending Account	40,849
Selber Donated Land and Buildings	<u>890,000</u>

Total temporarily restricted net assets 19,769,912

5. Permanently Restricted Net Assets.

Permanently restricted net assets consisted of the following at June 30, 2005:

John C. McDonald, M.D. Chair in Surgery	738,434
Jack W. Pou, M.D. Chair in Otolaryngology	693,843
Albert Sklar Professorship in Surgery	72,441
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology	707,359
Mary Louise and Ben Levy Professorship in Neurosurgery	72,982
Paul R. Winder, M.D. Professorship in Dermatology	77,633
H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery	69,173
Albert G. and Harry G. Smith Professorship in Pathology	68,780
Albertson's Distinguished Professorship in Allied Health Sciences	69,165
Carroll W. Feist Chair for the Study of Cancer	1,401,541
Archibald Bell Nelson Professorship in Orthopaedics	92,038
Joanna Gunning Magale Professorship in Neurology	79,003
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery	704,026
Muslow Endowed Chair	205,418
Randy Bryn Professorship in Pulmonology	70,686
W. R. Matthew, M.D. Professorship in Pathology	70,451
Wolf Chair in Rheumatology	26,327
Brooks OB/GYN Endowed Professorship	5,426
Donald Mack, M.D. Endowed Professorship	64,188
Smith Chair of Spinal Treatment	74,196
Crawford Professorship in OB/GYN Resident Education	66,143
Crawford Professorship in GYN Surgery	66,143
Crawford Professorship in Professor/Resident Recruitment	63,903
Albright Chair in Orthopaedics	10,458
B. E. Trichel, M.D. Professorship in Urology	65,096
Charles Knight Professorship in General Surgery	65,096
J. Woodfin Wilson, M.D. Professorship in Internal Medicine	65,096
St. Martin Professorship in Pediatric Urology	17,758
Crawford Professorship in Continuing Education	48,819
Nathan Professorship in Head/Neck Cancer Studies	9,909
Khoury Professorship in Pediatrics	20,272
Mollie E. Webb Endowment	16,084
Comegys Library Endowment	78,050
Pulmonary/Meneely Endowment	24,639
Urology/Womack Endowment	157,937
Psychiatry/Frost Endowment	685,930
OB/GYN/Crawford Endowment	5,185
Medicine/Gottlieb Endowment	37,540
Dr. Y. S. Goel Student Scholarship	104,452
Orthopedic Surgery/Albright	600
Neurology/Kelly/Professorship	<u>9,048</u>
Total permanently restricted net assets	<u>6,981,268</u>

6. Due to LSU Medical Center Shreveport.

The amount due to LSU Medical Center Shreveport represents the state match for the following chairs and professorships, which are being held and invested for the Medical Center by the LSU Medical Center Shreveport Foundation. The liability consists of the following at June 30, 2005:

John C. McDonald, M.D. Chair in Surgery	416,909
Jack W. Pou, M.D. Chair in Otolaryngology	416,532
Albert Sklar Professorship in Surgery	48,294
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology	471,573
Mary Louise and Ben Levy Professorship in Neurosurgery	48,654
Paul R. Winder, M.D. Professorship in Dermatology	51,756
H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery	46,116
Albert G. and Harry G. Smith Professorship in Pathology	45,853
Albertson's Distinguished Professorship in Allied Health Sciences	46,110
Carroll W. Feist Chair for the Study of Cancer	934,361
Archibald Bell Nelson Professorship in Orthopaedics	61,358
Joanna Gunning Magale Professorship in Neurology	52,669
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery	469,350
	<u>3,109,535</u>

7. Investment in Real Estate.

The Foundation purchased four pieces of property during the year ended June 30, 2002, two pieces of property during the year ended June 30, 2003, two pieces of property during the year ended June 30, 2004, and one piece of property during the year ended June 30, 2005. The Foundation's intent is to ultimately transfer ownership of this property to the LSU Health Sciences Center either by sale or donation. At June 30, 2005, this property consists of:

Chevy Land property	250,000
St. Vincent Avenue property, less accumulated depreciation of \$3,932 on improvements of \$26,966	159,534
Yokem property	125,000
Sklar Phillips property	250,000
Caddo Exceptional School property	510,000
Yokem Body Shop property	118,930
Monsour property	235,238
Crawford property	79,656
Kings Highway property	261,000
	<u>1,989,358</u>

The Chevy Land, St. Vincent Avenue, Sklar Phillips, and Caddo Exceptional School properties are currently leased by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Kings Highway property is leased by various businesses. Lease payments under these noncancellable leases are due as follows:

2006	287,940
2007	176,600
2008	76,461
2009	72,461
2010	72,461
2011 and thereafter	108,692
	<u>794,615</u>

8. Notes Payable.

Notes payable consists of the following at June 30, 2005:

Note payable to Atelka, LLC, original amount of \$250,000, interest at 4.1%, due in consecutive monthly installments of \$4,615 including interest beginning December 15, 2001, due November 15, 2006, secured by investment in Chevyland real estate.	71,758
Note payable to Yokem Toyota, original amount of \$100,000, interest at 4.5%, due in consecutive annual installments of \$25,000 plus interest beginning June 20, 2003, due June 20, 2006, secured by investment in Yokem real estate.	25,000
Note payable to Yokem Toyota, Inc., original amount of \$50,000, interest at 3.17%, due in four consecutive annual installments of \$13,506 (including interest) beginning on June 17, 2004, due June 17, 2007, secured by investment in Yokem Body Shop real estate.	25,780
Note payable to Bank One, original amount of \$510,000, interest at the "Eurodollar Rate", due in consecutive monthly installments of \$4,250, plus interest beginning July 15, 2003 with unpaid principal and interest due in full on June 15, 2008, secured by assignment of real estate leases and rents of the Caddo Exceptional School real estate.	408,000
Note payable to Bank One, original amount of \$276,000, interest at prime rate 6.25% at June 30, 2005, due in monthly installments of \$2,836 including interest beginning August 23, 2004 with unpaid principal and interest due in full on July 23, 2009, secured by assignment of real estate leases and rents of the Kings Highway real estate.	<u>257,762</u> 788,300
<u>Less-current portion</u>	<u>(156,390)</u> <u>631,910</u>

Notes payable maturities are as follows:

<u>Due In</u>	
2006	156,390
2007	106,581
2008	326,911
2009	22,256
2010	<u>176,162</u> <u>788,300</u>

Included in management and general expense is \$41,825 in interest expense for the year ended June 30, 2005.

9. Contingency.

During the year ended June 30, 2005, the Foundation received funds from a donor for the possible construction of an Oral and Maxillofacial clinic. Subsequent to June 30, 2005, the Foundation determined that construction of the clinic is unlikely, and the Foundation is uncertain as to whether the donor's contribution will have to be refunded. Therefore, the Foundation has recorded a liability in the amount of \$510,765 as of June 30, 2005. Such amount is classified as deferred revenue in the statement of financial position.

OTHER FINANCIAL INFORMATION

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

SCHEDULE OF MANAGEMENT AND GENERAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2005

Relating to unrestricted expenses:

Salary expense	252,676
Employee benefit expense	18,697
Payroll taxes	17,917
Advertising and promotional expenses	3,392
Bank charges	13,895
Depreciation	4,493
Consulting services	36,413
Postage	11,609
Office expense	7,949
Telephone expense	3,014
Donations	1,200
Gifts and acknowledgments	3,131
Donor recognition expense	921
Printing	12,854
Travel	1,505
Meals and entertainment	1,697
Dues and subscriptions	3,621
Rent	5,941
Miscellaneous	4,663
Professional services	25,200
Fundraising	51,887
Interest expense	41,825
Real estate expense	26,782
Software	7,790
Employee excellence award expense	10,128
Uncollectible pledge expense	8,951
Grant program expense	4,006
Total unrestricted expenses	<u>582,157</u>

Relating to temporarily restricted expenses:

LSU Medical Center Alumni Association	39,439
Physiology	17,265
Pharmacology	6,512
Hematology	303
Pediatrics	37,951
Phys-Biophy	25,902
Microbiology	15,977
CME/Chesson	112,944
Radiology	2,120
Anesthesiology	52,395

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT
SCHEDULE OF MANAGEMENT AND GENERAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005

Relating to temporarily restricted expenses: (Continued)

Neurosurgery/Nanda	44,892
Nephrology	5,184
Biochemistry	783
Rheumatology	9,166
Medicine	10,404
Oncology	4,716
Cardiology	4,414
LSUMC Muslow	12,227
Family medicine	15,135
Psychiatry	39,909
Urology	645
OB/GYN	4,376
Pulmonary	5,247
Neurology	75,498
Endocrine	1,984
LSUMC	32,161
Foundation management fees	25,215
Surgery	286,544
Admin Seferovic Fund	20,746
Orthopaedic rehabilitation	26,805
Emergency medicine	4,000
Pathology	5,000
Dilworth-Chair	2,248
Levy-Professorship	390
Winder-Professorship	5,532
Albertson's-Professorship	4,414
Needy student fund	3,725
Health sciences library	809
Osteoporosis education	8,763
Kelly-Professorship	693
Magale-Professorship	2,658
Other	<u>12,112</u>
Total temporarily restricted expenses	987,203

Relating to permanently restricted expenses:

Muslow-chair	1,782
Foundation management fees	<u>118,080</u>
Total permanently restricted expenses	<u>119,862</u>

Total management and general expenses	<u><u>1,689,222</u></u>
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