MEDICAL CENTER OF LOUISIANA FOUNDATION

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

JUNE 30, 2014 AND 2013

ERICKSEN KRENTEL & LAPORTE LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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ERICKSEN KRENTEL & LAPORTE LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Medical Center of Louisiana Foundation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Medical Center of Louisiana Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 from 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.

ERICKSEN KRENTEL & LAPORTE LLP
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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 Medical Center of Louisiana Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other 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 Medical Center of Louisiana Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Medical Center of Louisiana Foundation's internal control over financial reporting and compliance.

New Orleans, Louisiana
August 22, 2014

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS:		
Cash and cash equivalents	$ 389,738	$ 612,460
Cash held for agencies	81,201	81,479
Other receivable	-	60
Interest receivable	3,211	3,383
Prepaid expenses	1,583	2,516
Investments	758,529	707,150
Equipment, net of accumulated depreciation	-	289
Total assets	$ 1,234,262	$ 1,407,337
LIABILITIES:		
Accounts payable	$ 2,044	$ 13,128
Deferred revenue	-	7,500
Funds held for agencies	81,201	81,479
Total liabilities	83,245	102,107
NET ASSETS:		
Unrestricted	887,702	905,234
Temporarily restricted	263,315	399,996
Total net assets	1,151,017	1,305,230
Total liabilities and net assets	$ 1,234,262	$ 1,407,337

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	$ -	$ 10,785	$ 10,785
Grant revenue	3,712	2,000	5,712
Registration income	1,507	-	1,507
Fundraising income	58,480	-	58,480
Interest income	27,189	-	27,189
Net realized and unrealized gains (losses) on investments	216	-	216
Other income	757	-	757
Total revenue	91,861	12,785	104,646
Net assets released from restrictions	149,466	(149,466)	-
Total revenues, gains and other support	241,327	(136,681)	104,646
EXPENSES:			
Program services	163,322	-	163,322
Supporting services:			
Fund-raising	18,017	-	18,017
Management and general	77,520	-	77,520
Total expenses	258,859	-	258,859
Change in net assets	(17,532)	(136,681)	(154,213)
Net assets, beginning of year	905,234	399,996	1,305,230
Net assets, end of year	$ 887,702	$ 263,315	$ 1,151,017

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	$ 11,804	$ 3,500	$ 15,304
Grant revenue	7,593	2,100	9,693
Registration income	36,963	-	36,963
Fundraising income	52,616	-	52,616
Interest income	22,093	-	22,093
Net realized and unrealized gains (losses) on investments	(21,904)	-	(21,904)
Other income	2,604	-	2,604
Total revenue	111,769	5,600	117,369
Net assets released from restrictions	107,586	(107,586)	-
Total revenues, gains and other support	219,355	(101,986)	117,369
EXPENSES:			
Program services	231,279	-	231,279
Supporting services:			
Fund-raising	17,564	-	17,564
Management and general	76,260	-	76,260
Total expenses	325,103	-	325,103
Change in net assets	(105,748)	(101,986)	(207,734)
Net assets, beginning of year	1,010,982	501,982	1,512,964
Net assets, end of year	$ 905,234	$ 399,996	$ 1,305,230

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

		2014		2013
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Change in net assets	$	(154,213)	$	(207,734)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:				
Depreciation		289		381
Realized (gain) loss on investments		1,604		(741)
Unrealized (gain) loss on investments		(1,820)		22,645
(Increase) decrease in:				
Other receivable		60		26,264
Interest receivable		172		(3,383)
Prepaid expenses		933		(1,446)
Increase (decrease) in:				
Accounts payable		(11,084)		11,653
Deferred revenue		(7,500)		7,500
Net cash (used in) operating activities		(171,559)		(144,861)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:				
Proceeds from sale of invesments		230,019		275,057
Purchase of investments		(281,182)		(1,004,111)
Net cash (used in) investing activities		(51,163)		(729,054)
Net (decrease) in cash and cash equivalents		(222,722)		(873,915)
Cash and cash equivalents, beginning of year		612,460		1,486,375
Cash and cash equivalents, end of year	$	389,738	$	612,460

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services	Supporting Services: Fundraising	Supporting Services: Management and General	Total
Awards and gifts	$ 57,061	$ -	$ -	$ 57,061
Bad debt expense	-	-	-	-
Books expense	2,229	-	-	2,229
Contract labor	-	-	-	-
Depreciaton	-	-	289	289
Donations made	-	-	-	-
Equipment contributions	59,259	-	-	59,259
Event expenses	-	18,017	-	18,017
Insurance	-	-	6,828	6,828
Meals	1,091	-	2,113	3,204
Medical supplies	4,389	-	-	4,389
Miscellaneous expense	739	-	4,223	4,962
Office expenses	920	-	774	1,694
Postage	-	-	91	91
Professional fees	24,000	-	11,215	35,215
Training and seminars	5,941	-	-	5,941
Travel	6,926	-	-	6,926
Utilities	767	-	-	767
Wages and related expenses	-	-	51,987	51,987
Total expenses	$ 163,322	$ 18,017	$ 77,520	$ 258,859

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

		Supporting Services		
	Program Services	Fundraising	Management and General	Total
Awards and gifts	$ 11,168	$ -	$ 567	$ 11,735
Bad debt expense	-	-	225	225
Books expense	2,010	-	-	2,010
Contract labor	1,500	-	-	1,500
Depreciation	-	-	381	381
Donations made	15,687	-	-	15,687
Equipment contributions	92,303	-	-	92,303
Event expenses	-	17,564	-	17,564
Insurance	-	-	4,698	4,698
Meals	12,859	-	1,825	14,684
Medical supplies	7,260	-	-	7,260
Miscellaneous expense	2,259	-	2,933	5,192
Office expenses	2,815	-	823	3,638
Postage	638	-	57	695
Professional fees	27,599	-	10,006	37,605
Training and seminars	32,337	-	-	32,337
Travel	21,784	-	-	21,784
Utilities	1,060	-	-	1,060
Wages and related expenses	-	-	54,745	54,745
Total expenses	$ 231,279	$ 17,564	$ 76,260	$ 325,103

See accompanying NOTES TO FINANCIAL STATEMENTS

(1) NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Medical Center of Louisiana Foundation (the Foundation) was incorporated in November 1993. The Foundation was originally known as The University Hospital Foundation, and has its purpose to support and improve patient care within the Medical Center of Louisiana New Orleans (MCLNO) hospitals and clinics including the Interim LSU Public Hospital and the Spirit of Charity Trauma Center. This includes assisting the family's comfort while visiting with their love one, promoting education of the members of the MCLNO provider team, facilitating medical center committees, and enhancing fund-raising efforts and research.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. In-kind contributions are recognized at the fair market value when received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

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

(1) NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. The Foundation has no permanently restricted net assets.

Investments

Investments, consisting of government and agency securities and corporate bonds, are recorded at fair value. Unrealized gains and losses on investments with readily available market values are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and generated by the entity itself.

No Level 2 or Level 3 inputs were used by the Foundation.

Equipment

Items capitalized as part of equipment are valued at cost. Normal repairs and maintenance are charged to expense when incurred. Expenditures which materially extend the useful lives of capital assets are capitalized.

(1) NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Computer equipment	3-5 years

Depreciation expense for the years ended June 30, 2014 and 2013 was $289 and $381, respectively.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less and all certificates of deposit to be cash equivalents.

Contributed Services

During the years ended June 30, 2014 and 2013, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the comparison of its public support, the Foundation qualifies for non-private foundation status under Section 509(a)(2) of the Internal Revenue Code; therefore, the Foundation's tax-exempt status extends to its net investment income.

(1) NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

FASB ASC 740-10-et al prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FASB ASC 740-10-et al requires the affirmative evaluation that is more likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. FASB ASC 740-10-et al also requires the Foundation to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The Foundation's evaluation as of June 30, 2014 revealed no tax positions that would have a material impact on the financial statements. The 2010 through 2013 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

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

(2) INVESTMENTS

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1).

(2) INVESTMENTS (CONTINUED)

The fair value of investments are summarized as follows at June 30:

	2014		2013	
Unrestricted:	Cost	Fair Value	Cost	Fair Value
Corporate bonds	$ 453,487	$ 453,287	$ 409,964	$ 403,807
Government securities and other agencies	264,807	266,275	309,355	303,343
Mutual Funds/CEF/UIT	38,415	38,967	-	-
Total unrestricted Investments	$ 756,709	$ 758,529	$ 719,319	$ 707,150

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	2014	2013
Dividends and interest	$ 17,768	$ 15,816
Net gain (loss) on sale of investments	(1,604)	741
Management fees	(4,005)	(2,693)
Net unrealized gain (loss) in value of investments	1,820	(22,645)
Total return on investments	$ 13,979	$ (8,781)

(3) FUNDS HELD FOR AGENCIES

At June 30, 2014 and 2013, the Foundation held $81,201 and $81,479, of funds for the Trauma department and for the Charity Hospital Medical Staff. The financial effects of transactions related to agency funds are recorded as changes in funds held for agencies and are not included in the statements of activities. The changes in the funds held for agencies are summarized as follows:

	2014	2013
Agency funds received	$ 417	$ 4,309
Distributions to agencies	(695)	(87,264)
Change in balance	(278)	(82,955)
Beginning balance	81,479	164,434
Ending balance	$ 81,201	$ 81,479

(4) RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2014 and 2013 include:

	2014	2013
MCMD/MOTT/ELD Clinic Program	$ -	$ 52,000
Reach Out and Read	22,089	36,969
Telemedicine and Health Management Program	154,676	224,477
Patient Education Units	86,550	86,550
Total temporarily restricted net assets	$ 263,315	$ 399,996

(5) CONCENTRATIONS

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed federally insured limits. At June 30, 2014 and 2013, the Foundation had $2,635 and $9,114 in uninsured cash, respectively.

Concentration of Grant Revenue

Approximately 56% and 40% of the Foundation's funding is provided from the Spirit of Charity fundraiser for the years ended June 30, 2014 and 2013, respectively.

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INDEPENDENT AUDITORS' 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 Trustees of
Medical Center of Louisiana Foundation
New Orleans, Louisiana

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 the Medical Center of Louisiana Foundation (a nonprofit organization), 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, 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 the Medical Center of Louisiana Foundation'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 the Medical Center of Louisiana Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 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 internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

4227 Canal Street
New Orleans, LA 70119
P: (504) 486-7275 | F: (504) 482-2516

Ericksen, Krentel & LaPorte LLP
www.EricksenKrentel.com

2895 Highway 190, Ste 213
Mandeville, LA 70471
P: (985) 727-0777 | F: (985) 727-6701

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center of Louisiana Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose and is intended solely for the information and use of management, the Board of Trustees, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

New Orleans, Louisiana
August 22, 2014

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

MEDICAL CENTER OF LOUISIANA FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Medical Center of Louisiana Foundation

2. No significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of Medical Center of Louisiana Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.

4. A management letter was issued for the year ended June 30, 2014.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

MEDICAL CENTER OF LOUISIANA FOUNDATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II FINANCIAL STATEMENT FINDINGS

2013-001 Restricted Revenue Recorded as Unrestricted

Condition - Under FASB ASC 958-210-50-3, Foundations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Donor-imposed stipulations that may or will be met by actions of the Foundation should be reported as temporarily restricted net assets. During the year, management discovered the Foundation never reflected temporarily restricted income received in 2006 as temporarily restricted net assets but recorded the income as unrestricted. The effect is an understatement of temporarily restricted net assets and an overstatement of unrestricted net assets. Although the Foundation staff kept track of the activity for the restricted funds in an excel file, the restriction was never communicated to the audit team.

Recommendation - We recommend the Foundation review all temporarily restricted funds each year to determine all funds are properly included as temporarily restricted.

Current Status – The Foundation reviews temporarily restricted funds schedule to determine that all items are included.

This matter has been resolved.

2013-002 Unrecorded Investment Activity

Condition - All interest and dividend income generated by the investment account and all realized and unrealized gains and losses for the Medical Center of Louisiana Foundation should be recorded in the period in which the activity occurred. During testing, it was discovered that investment activity had not been recorded. Interest and dividend income, realized gains and losses, and unrealized gains and losses were not properly recorded in the current period. Foundation personnel failed to timely record investment activity.

Recommendation - We recommend the Foundation record investment account activity monthly.

Current Status – The Foundation accountant has recorded investment activity on a monthly basis.

This matter has been resolved.

MEDICAL CENTER OF LOUISIANA FOUNDATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

2013-003 Unfiled Form 941s

Condition - The Internal Revenue Service requires all employers to file the Form 941 quarterly. During testing, it was discovered that the Form 941 was not filed for the fourth quarter in 2012 and the first two quarters in 2013. The Form 941 was not filed with the Internal Revenue Service quarterly as required. The Foundation failed to timely file the Form 941s.

Recommendation - We recommend the Foundation immediately file the aforementioned Form 941s and establish procedures to ensure the timely filing of all federal tax returns.

Current Status – The Foundation has established procedures to ensure the timely filing of all federal tax returns.

This matter has been resolved.

ERICKSEN KRENTEL & LAPORTE LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

August 22, 2014

To the Board of Trustees of
Medical Center of Louisiana Foundation
New Orleans, Louisiana

In planning and performing our audit of the financial statements of the Medical Center of Louisiana Foundation (the Foundation) for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. We previously reported on the Foundation's internal control in our letter dated August 22, 2014. This letter does not affect our report dated August 22, 2014 on the financial statements of the Medical Center of Louisiana Foundation.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Foundation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Classification of Investment Activity

Investment gains/losses are currently recorded in one income account. The nature and volume of information required for financial statement preparation and note disclosure necessitates that investment activities be recorded separately by type. Unrealized gains/losses should be recorded separately from realized gains/losses.

August 22, 2014

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

Medical Center of Louisiana Foundation

~Supporting the mission and continuing the legacy of Charity Hospital ~

CORRECTIVE ACTION PLAN

August 22, 2014

Louisiana Legislative Auditor

Medical Center of Louisiana Foundation (Foundation) respectfully submits the following corrective action plan for the year ended June 30, 2014.

Name and address of independent public accounting firm:

Ericksen, Krentel & LaPorte, L.L.P.
4227 Canal Street
New Orleans, Louisiana 70119
Contact: W. Eric Powers, CPA

Audit Period: 07/01/13 to 6/30/14

The findings from the June 30, 2014 management letter are discussed below. The findings are numbered consistently with the number assigned in the schedule of findings and responses.

Classification of Investment Activity

Recommendation: Investment gains/losses are currently recorded in one income account. The nature and volume of information required for financial statement preparation and note disclosure necessitates that investment activities be recorded separately by type. Unrealized gains/losses should be recorded separately from realized gains/losses.

Response: As of July 1, 2014 all investment activities will be recorded separately by type. Unrealized gains/losses will be reported separately from realized gains/losses.

If there are any questions regarding this plan, please call Stacy Gerhold-Marvin at (504) 903-1823.

Sincerely,

Signature

Executive Director

Title

LSU Health NewOrleans

MCL Foundation ♦ 2021 Perdido Street ♦ Butterworth Bldg., Room 404 ♦ New Orleans, LA 70112
Office 504.903.1823 ♦ Fax 504.680.0207 ♦ Email: smarvi@lsuhsc.edu