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

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

**June 30, 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 10/26/05

## TABLE OF CONTENTS

### FINANCIAL SECTION

Independent Auditor's Report .....	1
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6

### SUPPLEMENTAL INFORMATION

Schedule of Revenues and Expenses By Program .....	13
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### REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	14
Schedule of Findings and Questioned Costs .....	16
Summary Schedule of Prior Audit Findings .....	17
Corrective Action Plan .....	19

### OTHER SUPPLEMENTARY INFORMATION REQUIRED BY THE STATE OF LOUISIANA .....

20

## **FINANCIAL SECTION**

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## **INDEPENDENT AUDITOR'S REPORT**

### **Board of Directors**

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

We have audited the accompanying statement of financial position of Louisiana Cancer Research Center of L.S.U Health Sciences Center in New Orleans/Tulane Health Sciences Center (a non-profit organization) (the "Center") 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 Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The summarized comparative information for the year ended June 30, 2004 has been derived from the Center's financial statements for the year ended June 30, 2004. These financial statements were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated August 26, 2004.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center 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.

As discussed in Note K to the financial statements, on August 29, 2005, Hurricane Katrina caused catastrophic property damage to New Orleans. New Orleans has been evacuated and as a result, the Center has temporarily relocated its operations. The impact of the hurricane on the Center's future revenues and its operations is indeterminable at this time. In addition, any uninsured loss to property and equipment is not estimable as of the date of our report.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center taken as a whole. The accompanying combining statement of activities and the other supplementary information required by the State of Louisiana is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Reboue & Company*

August 19, 2005  
(except for Note K, as to  
which the date is August 29, 2005)

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
STATEMENT OF FINANCIAL POSITION  
June 30, 2005  
(with comparative totals for 2004)**

	2005	2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 13,413,324	\$ 18,666,347
Receivables		
Grants	17,850,000	8,085,056
Other	-	1,930
Contractual Services Advance	320,982	320,982
Fund Raising Funds	-	30,774
Prepaid Expenses	-	938
	31,584,306	27,106,027
Property and Equipment - Net	4,988,258	1,260,614
Total Assets	\$ 36,572,564	\$ 28,366,641
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 2,852,583	\$ 1,400,594
Accrued Liabilities	16,700	18,635
Deferred Fund Raising Revenue	-	19,410
	2,869,283	1,438,639
<b>Net Assets</b>		
Unrestricted	35,432	19,876
Temporarily Restricted	33,667,849	26,908,126
	33,703,281	26,928,002
Total Liabilities and Net Assets	\$ 36,572,564	\$ 28,366,641

See accompanying notes to the financial statements.

**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, 2005  
(with comparative totals for 2004)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
<b>REVENUE</b>				
Grants	\$ -	\$ 17,850,000	\$ 17,850,000	\$ 27,159,566
Interest	-	160,416	160,416	14,459
Fund Raising	-	-	-	12,500
Other	22,079	-	22,079	7,725
Net Assets Released from Restrictions	<u>11,250,693</u>	<u>(11,250,693)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>11,272,772</u>	<u>6,759,723</u>	<u>18,032,495</u>	<u>27,194,250</u>
<b>EXPENSES</b>				
Salaries and Related Expenses	2,506,071	-	2,506,071	783,144
Professional Services	457,479	-	457,479	127,341
Operating Services	544,591	-	544,591	80,122
Supplies	701,140	-	701,140	42,906
Travel	179,465	-	179,465	49,784
Marketing	24,552	-	24,552	30,028
Business Expenses	15,241	-	15,241	14,489
Other Expenses	13,941	-	13,941	40,173
Fund Raising Expenses	6,523	-	6,523	348
Depreciation	184,084	-	184,084	380
Cessation Expenses	<u>6,624,129</u>	<u>-</u>	<u>6,624,129</u>	<u>1,755,485</u>
Total Expenses	<u>11,257,216</u>	<u>-</u>	<u>11,257,216</u>	<u>2,924,200</u>
<b>INCREASE IN NET ASSETS</b>	<u>15,556</u>	<u>6,759,723</u>	<u>6,775,279</u>	<u>24,270,050</u>
Net Assets, Beginning of Year	<u>19,876</u>	<u>26,908,126</u>	<u>26,928,002</u>	<u>2,657,952</u>
Net Assets, End of Year	<u>\$ 35,432</u>	<u>\$ 33,667,849</u>	<u>\$ 33,703,281</u>	<u>\$ 26,928,002</u>

See accompanying notes to the financial statements.

**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, 2005  
(with comparative totals for 2004)**

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grant Revenue	\$ 8,085,056	\$ 19,074,510
Interest Income	160,416	14,459
Other Income	24,009	6,931
	<u>8,269,481</u>	<u>19,095,900</u>
Payments to Employees and Suppliers and for Research Expenses	<u>(9,610,776)</u>	<u>(2,031,059)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(1,341,295)</u>	<u>17,064,841</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Property and Equipment	<u>(3,911,728)</u>	<u>(1,260,994)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,253,023)	15,803,847
Cash and Cash Equivalents at Beginning of Year	<u>18,666,347</u>	<u>2,862,500</u>
Cash and Cash Equivalents at End of Year	<u>\$ 13,413,324</u>	<u>\$ 18,666,347</u>
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Increase in Net Assets	<u>\$ 6,775,279</u>	<u>\$ 24,270,050</u>
Adjustments to Reconcile Increase in Net Assets Provided by Operating Activities:		
Depreciation	184,084	380
Fund Raising Funds	30,774	(30,774)
(Increase) in Operating Assets:		
Accounts Receivable	(9,763,014)	(8,086,986)
Contractual Services Advance	-	(320,982)
Prepaid Expenses	938	(938)
Increase in Operating Liabilities:		
Accounts Payable	1,450,054	1,214,681
Deferred Fund Raising Revenue	<u>(19,410)</u>	<u>19,410</u>
Total Adjustments	<u>(8,116,574)</u>	<u>(7,205,209)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ (1,341,295)</u>	<u>\$ 17,064,841</u>

See accompanying notes to the financial statements.

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

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

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 will be 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 members, the Louisiana State University Health Sciences Center in New Orleans, and the Tulane University Health Sciences Center.

Financial Statement Presentation

The Center's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." 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, 2005.

Basis of Accounting

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

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.

**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, 2005**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

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.

Revenue Recognition

For financial reporting purposes, the Center recognizes all contributed support as income in the period received. Contributed support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

Grant revenue is recognized as it is earned in accordance with approved contracts.

Expense Allocation

The costs of providing various programs and other activities are summarized on a functional basis in the financial statements. Accordingly, certain costs are allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

Cash consists of deposits with financial institutions, including savings and demand deposits. These deposits are stated at cost, which approximates market.

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

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.

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 in excess of \$1,000.

**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, 2005**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

Comparative Financial 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, 2005, from which the summarized information was derived.

**NOTE B - CASH**

At June 30, 2005, the carrying amount of the Center's cash deposits was \$13,413,324 and the bank balance was \$14,825,482 of which \$200,000 was covered by federal depository insurance and the remainder was collateralized by securities held by the Federal Reserve Bank with market values totaling \$23,475,024, in the Center's name.

**NOTE C - GRANTS RECEIVABLE AND REVENUE**

	<u>Receivable</u>	<u>Revenue</u>
Grant revenue consists of the following at June 30, 2005:		
Louisiana State University Health Sciences Center in New Orleans - Cancer Research	\$10,610,833	\$10,610,833
Louisiana State University Health Sciences Center in New Orleans - Cessation Program	<u>7,239,167</u>	<u>7,239,167</u>
	<u>\$17,850,000</u>	<u>\$17,850,000</u>

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2005:

Research equipment	\$ 2,768,453
Office equipment	<u>33,432</u>
	2,801,885
Less accumulated depreciation	<u>184,464</u>
	2,617,421
Land	671,808
Construction in progress - Building	<u>1,699,029</u>
	<u>\$ 4,988,258</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, 2005**

**NOTE D - PROPERTY AND EQUIPMENT (CONTINUED)**

Cancer research is currently being performed at Louisiana State University Health Sciences Center and Tulane Health Sciences Center. Construction of a cancer research facility was estimated to begin in October 2005 at an estimated cost of \$46 million but due to Hurricane Katrina, the project has be delayed (see subsequent event note K). Construction in progress as of June 30, 2005 relates to pre-construction costs. Each of the separate university cancer centers will occupy the new facility when completed.

Depreciation expense for the year ended June 30, 2005 totaled \$184,084.

**NOTE E - RETIREMENT PLAN**

All full-time Louisiana Cancer Research Center employees are eligible to participate in the 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 requirement up to 3% of the employee's annual compensation. The Center contributed \$15,607 to the Plan for the year ended June 30, 2005.

**NOTE F - SCHEDULE OF FUNCTIONAL EXPENSES**

A schedule of functional expenses for the year ended June 30, 2005 is as follows:

	<u>Program Expenses</u>	<u>General and Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and related expenses	\$ -	\$ 238,649	\$ -	\$ 238,649
Professional services	-	207,930	-	207,930
Operating services	-	40,498	-	40,498
Supplies	-	8,806	-	8,806
Travel	-	24,658	-	24,658
Marketing	-	22,150	-	22,150
Business expenses	-	15,240	-	15,240
Research expenses	3,883,779	-	-	3,883,779
Cessation expenses	6,624,129	-	-	6,624,129
Depreciation	-	184,084	-	184,084
Other expenses	-	770	-	770
Fund raising expenses	-	-	6,523	6,523
	<u>\$10,507,908</u>	<u>\$ 742,785</u>	<u>\$ 6,523</u>	<u>\$11,257,216</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, 2005**

**NOTE G - BOARD OF DIRECTORS' COMPENSATION**

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any board member during the year ended June 30, 2005.

**NOTE H - ECONOMIC DEPENDENCY**

The Center received ninety-nine percent of its revenue from funds provided through grants administered by the State of Louisiana during the year ended June 30, 2005. The grant amounts are appropriated annually by the State of Louisiana. If significant budget cuts to the Center are made at the State level, the amount of funds the Center receives could be reduced significantly and have an adverse impact on its operations.

**NOTE I - RELATED PARTIES**

**Louisiana Gene Therapy Research Consortium**

The Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center (the "Center") and the Louisiana Gene Therapy Research Center (LGTRC) have an affiliate relationship as they are both partnerships between the LSU Health Sciences Center in New Orleans and the Tulane Health Sciences Center. LGTRC includes both LSU Health Sciences Center in New Orleans and in Shreveport and Tulane Health Sciences Center as partners while the Center includes only L.S.U. Health Sciences Center in New Orleans and Tulane University Health Sciences Center, which are governed by governing boards with common members.

The Center has an arrangement with the LGTRC that allows for resource cost sharing. The Center and LGTRC share office space, personnel, and other related supplies and services. Overhead expenses are captured in a cost (common cost) pool and allocated to the appropriate organization based on space, usage, and "percent of effort" where applicable. LGTRC pays all shared expenses on behalf of the Center's research and cessation components. The Center reimburses LGTRC based on billings. The total billed to the Center for the fiscal year ended June 30, 2005 was \$299,385.

**LSU Health Sciences Center in New Orleans**

LSU Health Sciences Center in New Orleans is one of the two partner institutions that comprise the Center. The other institution is Tulane University Health Sciences Center.

As management, two members of the LSU Health Sciences Center in New Orleans are on the governing board of the Center. The Chancellor of LSU Health Sciences Center in New Orleans is currently the Chair of the Center (the position rotates annually between the Chancellor of LSU

**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, 2005**

**NOTE I - RELATED PARTIES (CONTINUED)**

Health Sciences Center and the Senior Vice President for Health Sciences of Tulane Health Sciences Center, as dictated by statute). The Vice Chancellor for Clinical Affairs of LSU Health Sciences Center in New Orleans is also a voting member of the Center's Board.

As transferring agent of state funding support, LSU Health Sciences Center in New Orleans (an entity of the State) is the transferring agency on behalf of the State. Under a Cooperative Endeavor Agreement arrangement, it is responsible for transferring funds appropriated by the State of Louisiana for the Center.

As grantee, the LSU Health Sciences Center in New Orleans is allocated the Center funding support for program development (part of the mission of the Center). Transfer of funds to LSU Health Sciences Center in New Orleans 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, 2005 was \$1,948,923.

As a vendor, LSU Health Sciences Center Auxiliary Stores provide goods and services (including research equipment, office and computer supplies) to the Center. The stores conveniently provide products and services which supports the mission of the Center. The total amount billed to the Center for goods and services during the fiscal year ending June 30, 2005 was \$1,557,657.

**Tulane University Health Sciences Center**

Tulane University Health Sciences Center (TUHSC) is one of the two partner institutions that comprise the Center. The other institution is LSU Health Sciences Center in New Orleans.

As management, two members of the Tulane University Health Sciences Center are on the governing board of the Center. TUHSC's Senior Vice President (currently Vice-Chair of the Center) and Associate Senior Vice President for Health Sciences are voting members of the Center's Board.

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, 2005 was \$2,282,351.

**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, 2005**

**NOTE J - CONTRACTUAL ADVANCE PAYMENT**

An advance payment equal to 20% of the first year's budget was made to the Louisiana Public Health Institute (LPHI) based on the contractual agreement between the Louisiana Cancer Research Center (LCRC) and the Louisiana Public Health Institute (LPHI). A \$320,982 contractual advance is retained by the contractor as a continuing advance to meet ongoing cost (payable in advance) due to expanded services essential to the program's objectives. An advance payment is also considered as a mechanism to assist the contractor in the avoidance of cash flow problems potentially caused by rapid program expansion. The contract is a cost reimbursement agreement with an expiration date of June 30, 2006. All monies not utilized by the end of the contract period shall be deducted from the final invoice and/or refunded (excess) to LCRC.

**NOTE K - SUBSEQUENT EVENT - HURRICANE KATRINA**

On August 29, 2005, subsequent to the close of the fiscal year, New Orleans was hit with a major hurricane and subsequent major flooding. The Louisiana Cancer Research Center is located in New Orleans, LA.

This event had a devastating effect on the city. The two partner universities, LSU Health Sciences Center and Tulane Health Sciences Center which house much of the Cancer Center's equipment experienced flood damage. Assessments are underway to determine the financial impact of the storm. Currently we are not aware of any material uninsured damage or destruction to the assets of the Louisiana Cancer Research Center. Also, construction of the cancer research facility has been delayed due to the disaster.

Although it is far too early to assess, there is some speculation that due to displaced residents, which include smokers, the Louisiana Cancer Research Center may experience a decline in revenue generated by the tobacco tax, at least in the short run. The potential decline in revenue can not be substantiated nor quantified at this time. Alternative funding sources will be sought to offset any decline in tax revenue and/or augment existing revenue.

**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, 2005**

	Cancer Research	Cessation	Fund Raising	Property and Equipment	Total
<b>REVENUE</b>					
Grants	\$ 10,610,833	\$ 7,239,167	\$ -	\$ -	\$ 17,850,000
Interest	134,438	25,978	-	-	160,416
Other	22,079	-	-	-	22,079
	<u>10,767,350</u>	<u>7,265,145</u>	<u>-</u>	<u>-</u>	<u>18,032,495</u>
Total Revenue					
	<u>10,767,350</u>	<u>7,265,145</u>	<u>-</u>	<u>-</u>	<u>18,032,495</u>
<b>EXPENSES</b>					
Salaries and Related Expenses	216,844	21,805	-	-	238,649
Professional Services	207,930	-	-	-	207,930
Operating Services	40,498	-	-	-	40,498
Supplies	8,398	-	408	-	8,806
Travel	24,113	194	351	-	24,658
Marketing	22,150	-	-	-	22,150
Business Expenses	15,240	-	-	-	15,240
Research Expenses	3,883,779	-	-	-	3,883,779
Cessation Expenses	-	6,624,129	-	-	6,624,129
Depreciation	-	-	-	184,084	184,084
Other Expenses	770	-	-	-	770
Fund Raising Expenses	-	-	6,523	-	6,523
Total Expenses	<u>4,419,722</u>	<u>6,646,128</u>	<u>7,282</u>	<u>184,084</u>	<u>11,257,216</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	6,347,628	619,017	(7,282)	(184,084)	6,775,279
Property and Equipment Capitalized	(3,911,728)	-	-	3,911,728	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>15,235,171</u>	<u>10,420,065</u>	<u>12,152</u>	<u>1,260,614</u>	<u>26,928,002</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 17,671,071</u>	<u>\$ 11,039,082</u>	<u>\$ 4,870</u>	<u>\$ 4,988,258</u>	<u>\$ 33,703,281</u>

**REPORTS REQUIRED BY *GOVERNMENTAL AUDITING STANDARDS***

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## **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***

### **Board of Directors**

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

We have audited the financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a non-profit organization), as of and for the year ended June 30, 2005, and have issued our report thereon dated August 19, 2005, except for Note K, as to which the date is August 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

## **Compliance and Other Matters**

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

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

*Reboue & Company*

August 19, 2005

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005**

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

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center.
2. No reportable conditions relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A Management Letter was not issued for the year ended June 30, 2005.

**B. Findings - Financial Statement Audit**

*There were no findings for the current year.*

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Year Ended June 30, 2005**

**A. Findings - Financial Statement Audit**

There were no findings for the year ended June 30, 2004.

**B. Management Letter**

**Comment 04-01**      **Condition** - The Center has been declared a Business Type entity, and a component reporting unit of the State of Louisiana and is now required to report its annual financial and compliance audits to the State of Louisiana before August 31<sup>st</sup>.

**Recommendation** - The agreement should be modified to require the subcontractor to have their financial and compliance audits completed and submitted to the Center no later than August 15<sup>th</sup>. This should prevent any delays for the Center in reporting to the State.

**Current Status** - This comment has been resolved.

**Comment 04-02**      **Condition** - Presently, there is a delay in the submission of cost reports from the subcontractor to the Center. As this contract is setup as a reimbursement fee contract, the delay can have an adverse impact on the ability of the subcontractor to perform their duties.

**Recommendation** - The Center should provide to the subcontractor a specific format and procedure for the preparation of the cost report resulting in faster approval by the Center. The subcontractor should be given specific dates that the cost reports will be required to be sent to the Center for review and approval for payment. The finance and administration staffs from both entities should meet to design and implement this recommendation.

**Current Status** - This comment has been resolved.

**Comment 04-03**      **Condition** - Currently the Center oversight staff salaries are included in the subcontractor's budget and overhead. This results in confusion between the entities regarding control of these budget dollars.

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
For The Year Ended June 30, 2005**

**Comment 04-03 (Continued)**      **Recommendation** - The contract should be amended to allow the Center staff salaries and overhead to be removed from the subcontractors' budget, and the contract amount for the subcontractor should be reduced to reflect that removal.

**Current Status** - This comment has been resolved.

**Comment 04-04**      **Condition** - Based on the fund raising policy adopted at the March 9, 2004 Board meeting, the Louisiana Cancer Research Center records the fund raising revenue and expenses in their general ledger, however, most of the fund raising revenue is received at the two university sciences centers (L.S.U. and Tulane), and the funds are disbursed by these Centers directly. At the present time, the fund raising revenue is not significant, but it is expected to increase in the future.

**Recommendation** - In conformity with the Internal Revenue Service (IRS) rules for the preparation of the Exempt Organization Tax Return (Form 990), it should be the policy of Louisiana Cancer Research Center (the "Center") that contributions made in the name of the Center is deposited into a bank account maintained by the Center.

It was recommended that the Center should receive all donations and fund raising revenue proceeds directly, to allow for proper recording of the transactions and donor acknowledgments to be given by the Center, or if the Board chooses to maintain the current policy.

**Current Status** - This comment has been resolved.

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
CORRECTIVE ACTION PLAN  
*June 30, 2005***

There are no compliance and/or internal control findings as described in the Schedule of Findings and Questioned Costs. Accordingly, there is no corrective action plan required as part of this section.

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

Louisiana Cancer Research Center  
(Agency Name)  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2005

CONTENTS

AFFIDAVIT

Statements

MD&A

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D

Notes to the Financial Statements

A.	Summary of Significant Accounting Policies
B.	Budgetary Accounting
C.	Deposits with Financial Institutions and Investments
D.	Capital Assets – Including Capital Lease Assets
E.	Inventories
F.	Restricted Assets
G.	Leave
H.	Retirement System
I.	Post Retirement Health Care and Life Insurance Benefits
J.	Leases
K.	Long-Term Liabilities
L.	Litigation
M.	Related Party Transactions
N.	Accounting Changes
O.	In-Kind Contributions
P.	Defeased Issues
Q.	Cooperative Endeavors
R.	Government-Mandated Nonexchange Transactions (Grants)
S.	Violations of Finance-Related Legal or Contractual Provisions
T.	Short-Term Debt
U.	Disaggregation of Receivable Balances
V.	Disaggregation of Payable Balances
W.	Subsequent Events
X.	Segment Information
Y.	Due to/Due from and Transfers
Z.	Liabilities Payable from Restricted Assets
AA.	Prior-Year Restatement of Net Assets

Schedules

1	Schedule of Per Diem Paid Board Members
2	Schedule of State Funding
3	Schedules of Long-Term Debt
4	Schedules of Long-Term Debt Amortization
15	Schedule of Comparison Figures and Instructions

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2005

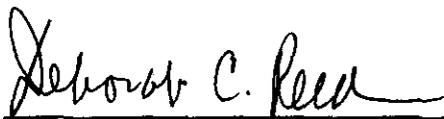
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN  
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Deborah C. Reeder, Chief Financial Officer of 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, 2005 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 14<sup>th</sup> day of October, 2005.



Signature of Agency Official

  
NOTARY PUBLIC

Prepared by: Deborah C. Reeder

Title: Chief Financial Officer

Telephone No.: (504) 598-1557

Date: October 13, 2005

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER IN  
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2005**

The Management's Discussion and Analysis of the Louisiana Cancer Research Center of the L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (Louisiana Cancer Research Center's) financial performance presents a narrative overview and analysis of the Louisiana Cancer Research Center's financial activities for the year ended June 30, 2005. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Louisiana Cancer Research Center's financial statements, which begin on page 27.

**FINANCIAL HIGHLIGHTS**

The Louisiana Cancer Research Center's assets exceeded its liabilities at the close of fiscal year 2005 by \$33,703,281 which represents a 25% increase from last fiscal year.

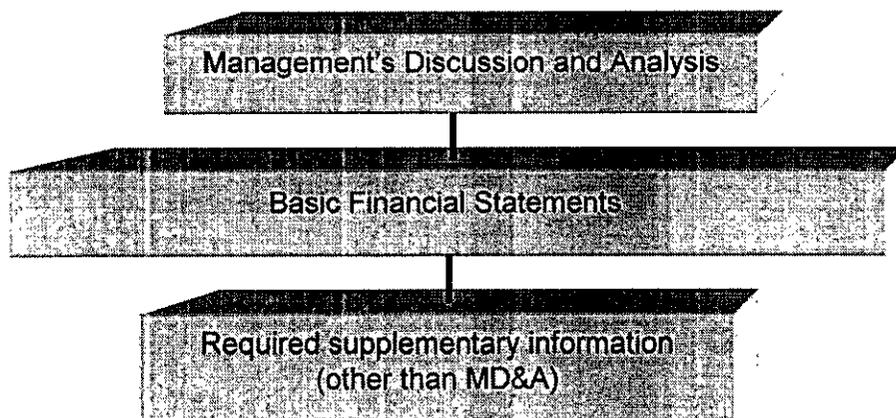
The Louisiana Cancer Research Center's total revenue decreased by \$9,161,755 (or 34%) and the net results from activities decreased to \$17,494,771 (or 72%). Fiscal year 2004's revenue of \$27,194,250 represents approximately \$9 million in carry forward revenue from prior year's state grant revenue. Fiscal year 2005 total revenue reflects no carry-forward revenue and is consistent with beginning year projections. The reduction in revenue reported here does not indicate that the Louisiana Cancer Research Center's financial position is deteriorating.

The Louisiana Cancer Research Center's total operating expenditures increased to \$11,257,216 or 285% over fiscal year 2004's expenses. This significant increase in expenditures is attributable to the ramping up of both major programs, including research and cessation. Program development for the research component primarily consists of faculty recruitment and retention.

The Louisiana Cancer Research Center's total net assets increased to \$33,703,281 or 25%.

**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*.



STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER IN  
 NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2005

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.

**Basic Financial Statements**

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

The Balance Sheet (page 27) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Cancer Research Center is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 28) presents information showing how Louisiana Cancer Research Center's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 30 - 31) presents information showing how Louisiana Cancer Research Center's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

	Total	
	2005	2004
Current and other assets	\$ 31,584	\$ 27,106
Capital assets	4,988	1,261
<b>Total assets</b>	<b>36,572</b>	<b>28,367</b>
Other liabilities	2,869	1,439
Long-term debt outstanding	-	-
<b>Total liabilities</b>	<b>2,869</b>	<b>1,439</b>
<b>Net assets:</b>		
Invested in capital assets, net of debt		
Restricted (Temporarily)	33,668	26,908
Unrestricted	35	20
<b>Total net assets</b>	<b>\$ 33,703</b>	<b>\$ 26,928</b>

**STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER IN  
 NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2005**

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

Net assets of the Louisiana Cancer Research Center increased by \$6,775,279 (or 25%) from June 30, 2004 to June 30, 2005. One of the major causes of this increase is the investment in capital assets with a net value of \$4,988,258. Other causes include a net increase in current assets.

	Total	
	2005	2004
Operating revenues	\$ 17,850	\$ 27,173
Operating expenses	11,257	2,924
Operating income(loss)	6,593	24,249
Non-operating revenues(expenses)	182	21
Income(loss) before transfers	6,775	24,270
Transfers in	-	-
Transfers out	-	-
Net increase(decrease) in net assets	\$ 6,775	\$ 24,270

The Louisiana Cancer Research Center's total revenues decreased by \$9,166,075 or (34%). The total cost of all programs and services increased by \$8,333,016 or by 285%. The significant increase is attributable to rapid program growth for both the Cessation and Research Components. The fiscal year ending June 30, 2005 represents the second full year of operation for the Louisiana Cancer Research Center.

**STATEMENT OF CASH FLOWS**

Another way to assess the financial health of the Louisiana Cancer Research Center is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER IN  
 NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2005

	<u>2005</u>	<u>2004</u>
Cash and cash equivalents provided used by:		
Operating activities		
Capital Financial Activities	\$ (3,912)	\$ (1,261)
Non-capital financing activities	(1,341)	17,065
Investing activities		
Net increase in cash and cash equivalents	(5,253)	15,804
Cash and cash equivalents		
Beginning of year	18,666	2,863
End of year	\$ 13,413	\$ 18,666

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2005, the Louisiana Cancer Research Center had \$4,988,258 invested in a broad range of capital assets, including research and office equipment - \$2,801,885 and construction in progress and land of a cancer research facility - \$2,370,837. (See Table below)  
 This amount represents a net increase (including additions and deductions) of \$3,727,644, or 296%, over last year.

Capital Assets at Year-end  
(Net of Depreciation, in thousands)

	<u>2005</u>	<u>2004</u>
Land	\$ 672	\$ 345
Buildings and improvements	1,699	276
Equipment	2,617	639
Infrastructure	-	-
Totals	\$ \$ 4,988	\$ \$ 1,260

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

- Research equipment \$2,136
- Construction in progress 1,423
- Land 327

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER IN  
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2005**

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately equal to budget and expenditures were less than budget due in part to the phase in which the organization is in. The Louisiana Cancer Research Center is still in its early growth phase. Building the research programs require recruitment of highly specialized talented research faculty. The recruitment process requires dedicated time and effort, thus expenditures can be slow and/or sporadic during this phase. Recruitment will occur on an ongoing basis until all critical positions are filled at which point expenditures shall stabilize.

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

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

- Annual state appropriation based on revenue estimates for tobacco tax collections could result in decline over previous year's estimates.
- Construction of the Cancer Research Center building to commence in FY06; anticipated \$42 million in bond issuance will fund first phase of the building's construction costs.
- The continued efforts of the partner universities to attract nationally recognized faculty and researchers will require significant financial investment in the scientific programs.
- Pursuit of a National Cancer Institute (NCI) designation with require substantial investment in the scientific programs.
- Significant reduction in the number of smoking related deaths and illness will require investment in a comprehensive smoking cessation program.

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

- Increase in the number of NCI/NIH funded Cancer Center researchers
- Issuance of debt will allow construction to commence on new building thus enhancing recruitment efforts
- Development of cores (including clinical) critical to success as an NCI Cancer Center

**CONTACTING THE LOUISIANA CANCER RESEARCH CENTER'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Cancer Research Center's finances and to show the Louisiana Cancer Research Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deborah Reeder at (504)598-1557.

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
BALANCE SHEET  
AS OF JUNE 30, 2005**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents (Note C1)	\$	<u>13,413,324</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>17,850,000</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		<u>320,982</u>
Total current assets		<u>31,584,306</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		<u>671,808</u>
Buildings and improvements		
Machinery and equipment		<u>2,617,421</u>
Infrastructure		
Construction in progress		<u>1,699,029</u>
Other noncurrent assets		
Total noncurrent assets		<u>4,988,258</u>
Total assets	\$	<u>36,572,564</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	<u>2,869,283</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>2,869,283</u>

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		<u>-</u>
Total liabilities		<u>2,869,283</u>

**NET ASSETS**

Invested in capital assets, net of related debt		
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted (Temporarily restricted)		<u>33,703,281</u>
Total net assets		<u>33,703,281</u>
Total liabilities and net assets	\$	<u>36,572,564</u>

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

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other - Grants (LSU HSC)	17,850,000
Total operating revenues	<u>17,850,000</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	11,066,609
Administrative	_____
Depreciation	184,084
Amortization	_____
Total operating expenses	<u>11,250,693</u>
Operating income(loss)	<u>6,599,307</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property	_____
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	175,972
Total non-operating revenues(expenses)	<u>175,972</u>
<i>Income(loss) before contributions and transfers</i>	<u>6,775,279</u>
Capital contributions	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>6,775,279</u>
Total net assets – beginning as restated	<u>26,928,002</u>
Total net assets – ending	<u>\$ 33,703,281</u>

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

Statement B

STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER  
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Entity	\$ <u>11,257,216</u>	\$ <u>                    </u>	\$ <u>17,850,000</u>	\$ <u>6,592,784</u>
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				<u>160,416</u>
Miscellaneous				<u>22,079</u>
Special items				
Transfers				
Total general revenues, special items, and transfers				<u>182,495</u>
Change in net assets				<u>6,775,279</u>
Net assets - beginning as restated				<u>26,928,002</u>
Net assets - ending				<u>\$ 33,703,281</u>

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

STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER  
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2005

<b>Cash flows from operating activities</b>		
Cash received from customers (Grants)	\$	<u>8,085,056</u>
Cash payments to suppliers for goods and services		<u>(9,372,127)</u>
Cash payments to employees for services		<u>(238,649)</u>
Payments in lieu of taxes		<u>          </u>
Internal activity-payments to other funds		<u>          </u>
Claims paid to outsiders		<u>          </u>
Other operating revenues(expenses)		<u>184,425</u>
Net cash provided(used) by operating activities	\$	<u>(1,341,295)</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		<u>          </u>
Proceeds from sale of bonds		<u>          </u>
Principal paid on bonds		<u>          </u>
Interest paid on bond maturities		<u>          </u>
Proceeds from issuance of notes payable		<u>          </u>
Principal paid on notes payable		<u>          </u>
Interest paid on notes payable		<u>          </u>
Operating grants received		<u>          </u>
Other		<u>          </u>
Transfers In		<u>          </u>
Transfers Out		<u>          </u>
Net cash provided(used) by non-capital financing activities		<u>          </u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		<u>          </u>
Principal paid on bonds		<u>          </u>
Interest paid on bond maturities		<u>          </u>
Proceeds from issuance of notes payable		<u>          </u>
Principal paid on notes payable		<u>          </u>
Interest paid on notes payable		<u>          </u>
Acquisition/construction of capital assets		<u>(3,911,728)</u>
Proceeds from sale of capital assets		<u>          </u>
Capital contributions		<u>          </u>
Other		<u>          </u>
Net cash provided(used) by capital and related financing activities		<u>(3,911,728)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		<u>          </u>
Proceeds from sale of investment securities		<u>          </u>
Interest and dividends earned on investment securities		<u>          </u>
Net cash provided(used) by investing activities		<u>          </u>
Net increase(decrease) in cash and cash equivalents		<u>(5,253,023)</u>
Cash and cash equivalents at beginning of year		<u>18,666,347</u>
Cash and cash equivalents at end of year	\$	<u>13,413,324</u>

(continued)

**STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER  
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2005**

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

Operating income(loss)		\$ <u>6,775,279</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	184,084	
Provision for uncollectible accounts	<u>                    </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(9,763,014)	
(Increase)decrease in due from other funds	<u>                    </u>	
(Increase)decrease in prepayments	938	
(Increase)decrease in inventories	<u>                    </u>	
(Increase)decrease in other assets	30,774	
Increase(decrease) in accounts payable and accruals	1,450,054	
Increase(decrease) in accrued payroll and related benefits	<u>                    </u>	
Increase(decrease) in compensated absences payable	<u>                    </u>	
Increase(decrease) in due to other funds	<u>                    </u>	
Increase(decrease) in deferred revenues	(19,410)	
Increase(decrease) in other liabilities	<u>                    </u>	
Net cash provided(used) by operating activities		\$ <u><u>(1,341,295)</u></u>

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

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

The accompanying notes are an integral part of this statement.

## INTRODUCTION

### A. SUMMARY OF SIGNIFICANT 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 "Corporation") was incorporated June 7, 2002. The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

The Corporation was organized for charitable, educational and scientific purposes. The primary purpose will be to conduct and support research and promote education in the diagnosis, detection, and treatment of cancer in the pursuit of obtaining the National Center Institute designation for its members, the Louisiana State University Health Sciences Center in New Orleans, and the Tulane University Health Sciences Center.

#### 2. Financial Statement Presentation

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Accordingly, the net assets of the Corporation 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, 2005.

#### 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.

### B. BUDGETARY ACCOUNTING

The Louisiana Cancer Research Center's budget allocation is completed based on the guidelines set and/or approved by the Center's Board of Directors. The appointed officials considered the following factors and indications when setting next year's budget and budget allocations.

- Annual state appropriation based on revenue estimates from tobacco tax collections resulted in a slight reduction compared to FY2005.
- Building construction is anticipated to begin in October 2005; anticipated \$42 million in bonds issuance will fund building construction cost.
- The continued efforts of the Organization to attract nationally recognized faculty and researchers will require significant investment in the scientific programs.

The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

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

**Notes to the Financial Statement  
 As of and for the year ended June 30, 2005**

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>17,850,000</u>
Amendments:	<u>                    -</u>
	<u>                    -</u>
	<u>                    -</u>
Final approved budget	\$ <u><u>17,850,000</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets 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.

The deposits at June 30, 2005, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other Money Market</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>(199,646)</u>	\$ <u>-</u>	\$ <u>13,612,972</u>	\$ <u>13,413,326</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk				
a. Uninsured and uncollateralized	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
b. Uninsured and collateralized with securities held by the pledging institution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bank Balances - All Deposits	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

NOTE: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

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

**Notes to the Financial Statement**

**As of and for the year ended June 30, 2005**

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Whitney National Bank	Acct. # 715-112-961	\$ 758,575
2. Whitney National Bank	Acct. # 715-112-988	453,935
3. Whitney National Bank	Acct. # 715-113-348	4,118,354
4. Whitney National Bank	Acct. # 715-113-356	4,622,316
5. Whitney National Bank	Acct. # 715-760-769	56,154
6. Regions National Bank	Acct. # 4305090032	4,816,148
Total		\$ 14,825,482

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

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

2. INVESTMENTS - N/A

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

Notes to the Financial Statement

As of and for the year ended June 30, 2005

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

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

	Year ended June 30, 2005						
	Balance 6/30/2004	Prior Period Adjustment	Adjusted Balance 7/1/2004	Additions	Transfers*	Retirements	Balance 6/30/2005
<b>Capital assets not being depreciated</b>							
Land	\$ 345,295	\$ --	\$ 345,295	\$ 326,513	\$ --	\$ --	\$ 671,808
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	276,088	--	276,088	1,422,941	--	--	1,699,029
<b>Total capital assets not being depreciated</b>	<b>\$ 621,383</b>	<b>\$ --</b>	<b>\$ 621,383</b>	<b>\$ 1,749,454</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,370,837</b>
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	\$ 639,611	\$ --	\$ 639,611	\$ 2,162,274	\$ --	\$ --	\$ 2,801,885
Less accumulated depreciation	(380)	--	(380)	(184,084)	--	--	(184,464)
<b>Total furniture, fixtures, and equipment</b>	<b>639,231</b>	<b>--</b>	<b>639,231</b>	<b>1,978,190</b>	<b>--</b>	<b>--</b>	<b>2,617,421</b>
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total buildings and improvements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total depreciable land improvements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total infrastructure</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total other capital assets</b>	<b>\$ 639,231</b>	<b>\$ --</b>	<b>\$ 639,231</b>	<b>\$ 1,978,190</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,617,421</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	\$ 621,383	\$ --	\$ 621,383	\$ 1,749,454	\$ --	\$ --	\$ 2,370,837
Other capital assets, at cost	639,611	--	639,611	2,162,274	--	--	2,801,885
<b>Total cost of capital assets</b>	<b>1,260,994</b>	<b>--</b>	<b>1,260,994</b>	<b>3,911,728</b>	<b>--</b>	<b>--</b>	<b>5,172,722</b>
Less accumulated depreciation	(380)	--	(380)	(184,084)	--	--	(184,464)
<b>Capital assets, net</b>	<b>\$ 1,260,614</b>	<b>\$ --</b>	<b>\$ 1,260,614</b>	<b>\$ 3,727,644</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 4,988,258</b>

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES - N/A

F. RESTRICTED ASSETS - N/A

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

**Notes to the Financial Statement**

**As of and for the year ended June 30, 2005**

**G. LEAVE**

**1. COMPENSATED ABSENCES**

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

Employees of the center accrue leave immediately upon hire, but at varying rates based on classification and years of service. Vacation and sick time are accrued on a monthly basis. Upon termination, employees will be paid for accrued vacation leave to be calculated at the employee's hourly rate upon termination. Accrued annual and sick leave at June 30, 2005 amounted to \$16,700.

**2. COMPENSATORY LEAVE - N/A**

**H. RETIREMENT SYSTEM**

All full-time Louisiana Cancer Research Center employees are eligible to participate in the 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 allows for employee contributions, with a matching requirement of up to 3% of the employee's annual compensation. The Center's matching contribution amounted to \$15,607 for the year ended June 30, 2005.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - N/A**

**J. LEASES - N/A**

**K. LONG-TERM LIABILITIES - N/A**

**L. LITIGATION - N/A**

**M. RELATED PARTY TRANSACTIONS**

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions.

**Louisiana Gene Therapy Research Consortium**

The Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center (the "Center") and the Louisiana Gene Therapy Research Center (LGTRC) have an affiliate relationship as they are both partnerships between the LSU Health Sciences Center in New Orleans and the Tulane Health Sciences Center. LGTRC includes both LSU Health Sciences Center in New Orleans and in Shreveport and Tulane Health Sciences Center as partners while the Center includes only L.S.U. Health Science Center in New Orleans and Tulane University Health Sciences Center, which are governed by governing boards with common members.

The Center has an arrangement with the LGTRC that allows for resource cost sharing. The Center and LGTRC share office space, personnel, and other related supplies and services. Overhead expenses are captured in a cost (common cost) pool and allocated to the appropriate organization based on space, usage, and "percent of effort" where applicable. LGTRC pays all shared expenses on behalf of the Center's research and cessation components. The Center reimburses LGTRC based on billings. The total billed to the Center for the fiscal year ended June 30, 2005 was \$299,385.

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

**Notes to the Financial Statement**

**As of and for the year ended June 30, 2005**

**LSU Health Sciences Center in New Orleans**

LSU Health Sciences Center in New Orleans is one of the two partner institutions that comprise the Center. The other institution is Tulane University Health Sciences Center.

As management, two members of the LSU Health Sciences Center in New Orleans are on the governing board of the Center. The Chancellor of LSU Health Sciences Center in New Orleans is currently the Chair of the Center (the position rotates annually between the Chancellor of LSU Health Sciences Center and the Senior Vice President for Health Sciences of Tulane Health Sciences Center, as dictated by statute). The Vice Chancellor for Clinical Affairs of LSU Health Sciences Center in New Orleans is also a voting member of the Center's Board.

As transferring agent of state funding support, LSU Health Sciences Center in New Orleans (an entity of the State) is the transferring agency on behalf of the State. Under a Cooperative Endeavor Agreement arrangement, it is responsible for transferring funds appropriated by the State of Louisiana for the Center.

As grantee, the LSU Health Sciences Center in New Orleans is allocated the Center funding support for program development (part of the mission of the Center). Transfer of funds to LSU Health Sciences Center in New Orleans 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, 2005 was \$1,948,923.

As a vendor, LSU Health Sciences Center Auxiliary Stores provide goods and services (including research equipment, office and computer supplies) to the Center. The stores conveniently provide products and services which supports the mission of the Center. The total amount billed to the Center for goods and services during the fiscal year ending June 30, 2005 was \$1,557,657.

**Tulane University Health Sciences Center**

Tulane University Health Sciences Center (TUHSC) is one of the two partner institutions that comprise the Center. The other institution is LSU Health Sciences Center in New Orleans.

As management, two members of the Tulane University Health Sciences Center are on the governing board of the Center. TUHSC's Senior Vice President (currently Vice-Chair of the Center) and Associate Senior Vice President for Health Sciences are voting members of the Center's Board.

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, 2005 was \$2,282,351.

- N. ACCOUNTING CHANGES - N/A**
- O. IN-KIND CONTRIBUTIONS - N/A**
- P. DEFEASED ISSUES - N/A**
- Q. COOPERATIVE ENDEAVORS - 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**

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

**Notes to the Financial Statement**

**As of and for the year ended June 30, 2005**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Activity	Customer Receivables	Taxes	Grant Receivables	Other Receivables	Total Receivables
Cancer Research Program	\$ -	\$ -	\$ 10,610,833	\$ -	\$ 10,610,833
Cessation Program	-	-	7,239,167	-	7,239,167
Gross receivables	\$ -	\$ -	\$ 17,850,000	\$ -	\$ 17,850,000
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ 17,850,000	\$ -	\$ 17,850,000
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

Receivables at June 30, 2005, were as follows:

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2005, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Cancer Research	\$ 2,852,583	\$ -	\$ -	\$ 16,700	\$ 2,869,283
Total payables	\$ 2,852,583	\$ -	\$ -	\$ 16,700	\$ 2,869,283

**W. SUBSEQUENT EVENTS**

On August 29, 2005, New Orleans was hit with a major hurricane and resulting in major flooding. The Louisiana Cancer Research Center is located in New Orleans, LA.

This event had a devastating effect on the city. The two partner universities, LSU Health Sciences Center and Tulane Health Sciences Center which house much of the Cancer Center's equipment experienced flood damage. Assessments are underway to determine the financial impact of the storm. Currently, we are not aware of any material uninsured damage or destruction to the assets of the Louisiana Cancer Research Center.

Although it is far too early to assess, there is some speculation that due to displaced residents, which include smokers, the Louisiana Cancer Research Center may experience a decline in revenue generated by the tobacco tax, at least in the short run. The potential decline in revenue can not be substantiated nor quantified at this time. Alternative funding sources will be sought to offset any decline in tax revenue and/or augment existing revenue.

**X. SEGMENT INFORMATION - N/A**

**Y. DUE TO/DUE FROM AND TRANSFERS - N/A**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS - N/A**

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS - N/A**



STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF STATE FUNDING**  
 For the Year Ended \_\_\_\_\_  
 (Fiscal Close)

<u>Description of Funding</u>	<u>Amount</u>
1. <u>NONE</u>	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

SCHEDULE 2







**STATE OF LOUISIANA**  
**(BTA)**  
**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION**  
**For The Year Ended \_\_\_\_\_**  
**(Fiscal Close)**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2006	\$ <b>NONE</b>	\$
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
<b>Total</b>	\$ <u>          --</u>	\$ <u>          --</u>

SCHEDULE 4-A

**STATE OF LOUISIANA**  
**(BTA)**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended June 30, 20\_\_**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2006	\$ <b>NONE</b>	\$ _____	\$ _____	\$ _____ --
2007	_____	_____	_____	_____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2020	_____	_____	_____	_____ --
2011-2015	_____	_____	_____	_____ --
2016-2020	_____	_____	_____	_____ --
2021-2025	_____	_____	_____	_____ --
2026-2030	_____	_____	_____	_____ --
<b>Total</b>	<b>\$ _____ --</b>	<b>\$ _____ --</b>	<b>\$ _____ --</b>	<b>\$ _____ --</b>

SCHEDULE 4-B

**STATE OF LOUISIANA**  
**(BTA)**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ <b>NONE</b>	\$
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011-2015	_____	_____
2016-2020	_____	_____
2021-2025	_____	_____
2026-2030	_____	_____
 Total	 \$ _____ --	 \$ _____ --

SCHEDULE 4-C

**STATE OF LOUISIANA**  
**(BTA)**  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 20\_\_**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2006	\$ NONE	\$
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
Total	\$ --	\$ --

SCHEDULE 4-D

STATE OF LOUISIANA

Louisiana Cancer Research Center of L.S.U. Health Science 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 \$1 million, explain the reason for the change.

	<u>2005</u>	<u>2004</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>18,032,495</u>	\$ <u>27,194,250</u>	\$ <u>9,161,755</u>	<u>(34 %)</u>
Expenses	<u>11,257,216</u>	<u>2,924,200</u>	<u>8,333,016</u>	<u>285 %</u>
2) Capital assets	<u>4,988,258</u>	<u>1,260,614</u>	<u>3,727,644</u>	<u>296 %</u>
Long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets	<u>33,703,281</u>	<u>26,928,002</u>	<u>6,775,279</u>	<u>25 %</u>

Explanation for change: The Research and Cessation Programs are still in the preliminary stages. Therefore, the percentage change and the differences between current and prior year are not meaningful.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_