

**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, 2009**

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 9/23/09

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**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  
New Orleans, Louisiana**

We have audited the accompanying Statements 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 "Research Center") as of June 30, 2009, and the related Statement of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the Research Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Research Center's 2008 financial statements and, in our report dated August 29, 2008, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center as of June 30, 2009 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2009 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. The 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 audits were performed for the purpose of forming opinions 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 Schedule of Revenues and Expenses by Program for the year ended June 30, 2009 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.

*Rebowe & Company*

August 18, 2009

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

**June 30, 2009**

**(with comparative totals for 2008)**

	2009	2008
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 15,932,850	\$ 13,466,667
Investments	11,005,528	10,827,071
Receivables		
Grants	10,637,162	9,667,704
Other	4,678	-
Prepaid expenses	20,000	20,342
Total Current Assets	37,600,218	33,981,784
Property and equipment - net	3,086,660	3,270,689
Construction in progress	11,533,070	6,299,707
Total Assets	\$ 52,219,948	\$ 43,552,180
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,635,901	\$ 2,159,344
Construction payables	1,931,348	17,850
Accrued liabilities	61,379	50,701
Total Current Liabilities	6,628,628	2,227,895
<b>Net Assets</b>		
Unrestricted	796,753	535,139
Temporarily restricted	44,794,567	40,789,146
Total Net Assets	45,591,320	41,324,285
Total Liabilities and Net Assets	\$ 52,219,948	\$ 43,552,180

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, 2009  
(with comparative totals for 2008)**

	Unrestricted	Temporarily Restricted	Totals	
			2009	2008
<b>OPERATING REVENUE</b>				
Grants	\$ -	\$ 21,522,915	\$ 21,522,915	\$ 17,666,870
Interest	-	115,479	115,479	734,733
Fund raising	261,614	-	261,614	301,083
Other	-	-	-	-
Net assets released from restrictions	17,811,430	(17,811,430)	-	-
<b>Total</b>	<b>18,073,044</b>	<b>3,826,964</b>	<b>21,900,008</b>	<b>18,702,686</b>
<b>OPERATING EXPENSES</b>				
Cessation expenses	7,130,409	-	7,130,409	7,559,124
Salaries and related expenses	6,676,728	-	6,676,728	6,236,169
Supplies	2,158,817	-	2,158,817	2,640,119
Depreciation expense	600,255	-	600,255	569,724
Travel	174,249	-	174,249	429,786
Operating services	537,142	-	537,142	421,939
Professional services	292,725	-	292,725	345,372
Fund raising expenses	58,344	-	58,344	251,498
Other expenses	53,761	-	53,761	42,117
Marketing	107,856	-	107,856	31,416
Business expenses	21,144	-	21,144	15,095
<b>Total</b>	<b>17,811,430</b>	<b>-</b>	<b>17,811,430</b>	<b>18,542,359</b>
<b>OPERATING INCOME</b>	<b>261,614</b>	<b>3,826,964</b>	<b>4,088,578</b>	<b>160,327</b>
<b>NONOPERATING REVENUES</b>				
Investment income	-	175,102	175,102	508,496
Net change in unrealized gain on investments	-	3,355	3,355	(2,652)
<b>Total</b>	<b>-</b>	<b>178,457</b>	<b>178,457</b>	<b>505,844</b>
<b>INCREASE IN NET ASSETS</b>	<b>261,614</b>	<b>4,005,421</b>	<b>4,267,035</b>	<b>666,171</b>
Net Assets, Beginning of Year	535,139	40,789,146	41,324,285	40,658,114
Net Assets, End of Year	\$ 796,753	\$ 44,794,567	\$ 45,591,320	\$ 41,324,285

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, 2009  
(with comparative totals for 2008)**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grant revenue	\$ 20,553,457	\$ 12,602,057
Interest income	115,479	734,733
Other income	261,614	301,083
	<u>20,930,550</u>	<u>13,637,873</u>
Payments to employees and suppliers and for research expenses	<u>(12,814,778)</u>	<u>(19,070,237)</u>
Net Cash Provided by (Used in) Operating Activities	<u>8,115,772</u>	<u>(5,432,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(416,226)	(432,402)
Construction expenses	(5,233,363)	(3,411,877)
Investment income	175,102	508,496
Purchase of investments	(34,131,444)	(41,514,027)
Sale of investments	33,956,342	41,005,531
	<u>(5,649,589)</u>	<u>(3,844,279)</u>
Net Cash Used in Investing Activities	<u>(5,649,589)</u>	<u>(3,844,279)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,466,183	(9,276,643)
Cash and Cash Equivalents at Beginning of Year	<u>13,466,667</u>	<u>22,743,310</u>
Cash and Cash Equivalents at End of Year	<u>\$ 15,932,850</u>	<u>\$ 13,466,667</u>
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	<u>\$ 4,088,578</u>	<u>\$ 160,327</u>
Adjustments to Reconcile Increase in Net Assets Provided by Operating Activities:		
Depreciation expense	600,255	569,724
(Increase) Decrease in Operating Assets:		
Receivables	(974,136)	(4,400,973)
Prepaid expenses	342	(20,342)
Increase (Decrease) in Operating Liabilities:		
Accounts payable	<u>4,400,733</u>	<u>(1,741,100)</u>
Total Adjustments	<u>4,027,194</u>	<u>(5,592,691)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 8,115,772</u>	<u>\$ (5,432,364)</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, 2009**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

The Research 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 Research Center are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets and (c) permanently restricted net assets. There were no permanently restricted net assets during the year ended June 30, 2009.

Basis of Accounting

The financial statements of the Research 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 Research Center is reported as a discretely presented component unit of the State of Louisiana since it is legally separate from and is financially accountable to the State of Louisiana.

**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, 2009**

**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 Research 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 Research Center considers all investments with original maturities of three months or less to be cash equivalents.

Investments

The Research Center accounts for investments under Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not for-Profit Organizations*. Under SFAS No. 124, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. For valuation purposes, fair value is measured using quoted prices in active markets.

Subsequent Events

Subsequent events have been evaluated through August 18, 2009, the date the financial statements were available to be issued

**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, 2009**

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

The financial statements reflect the adoption of Statement of Financial Accounting Standards No. 157 (SFAS No. 157), *Fair Value Measurements*. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 17, 2007. SFAS No. 157 established a single authoritative definition of fair value, sets a framework for measuring fair value and requires additional disclosures about fair value measurement.

The effect of the adoption of SFAS No. 157 related primarily to the elimination of discounts on certain publicly traded portfolio investments.

In accordance with SFAS No. 157, the Research Center classifies its investments into Level 1, which refers to securities traded in an active market, Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction, and Level 3, which refers to securities not traded in an active market and for which no significant observable market inputs are available.

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 Research Center to capitalize property and equipment with an acquisition cost in excess of \$5,000.

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 Research Center's financial statements for the year ended June 30, 2008 from which the summarized information was derived.

Reclassifications

Certain amounts from fiscal 2008 have been reclassified to conform to the fiscal 2009 financial presentation.

**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, 2009**

**NOTE B - CASH**

At June 30, 2009, cash includes \$15,889,882 of repurchase agreements. The repurchase agreements are secured by U.S. Treasury obligations.

At June 30, 2009, the bank balance of the Research Center's cash was \$912,624, of which \$326,150 was covered by federal depository insurance and the remainder was collateralized by securities in the Research Center's name held by the Federal Reserve Bank with market values totaling \$639,983.

**NOTE C - INVESTMENTS**

At June 30 2009, investments consisted of the following Level 1 inputs:

Marketable securities, at cost:	
Short-term instruments	\$10,487,558
U.S. Government securities	514,615
Net unrealized gain (loss) on marketable securities	<u>3,355</u>
Investments, at market	<u>\$11,005,528</u>

Investment management fees are netted against investment income. For the fiscal year ended June 30, 2009, \$49,598 in investment management fees was netted against investment income.

**NOTE D - GRANTS RECEIVABLE AND REVENUE**

Grant revenue consisted of the following at June 30, 2009:	<u>Receivable</u>	<u>Revenue</u>
Louisiana State University Health Sciences Center in New Orleans - Cancer Research	\$ 5,200,178	\$10,400,356
Louisiana State University Health Sciences Center in New Orleans - Cessation Program	<u>3,547,785</u>	<u>7,095,570</u>
Total Louisiana State Health Sciences Center	8,747,963	17,495,926
Department of Economic Development and Office of Facility Planning and Control - Cooperative Endeavor Agreement	<u>1,889,199</u>	<u>4,026,989</u>
	<u>\$10,637,162</u>	<u>\$21,522,915</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, 2009**

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2009:

Research equipment	\$ 4,515,428
Office equipment	<u>82,706</u>
	4,598,134
Less accumulated depreciation	<u>(2,183,282)</u>
	2,414,852
Land	671,808
Construction in progress - building	<u>11,533,070</u>
	<u>\$14,619,730</u>

Cancer research is currently being performed at Louisiana State University Health Sciences Center and Tulane Health Sciences Center. Construction of a combined cancer research facility began in February 2008 with the facility expected to be completed in the 1<sup>st</sup> quarter of 2011. Total estimated construction costs for the project are \$102 million. Construction in progress as of June 30, 2009 relates to architectural service fees and construction expenses. Each of the separate university cancer centers will occupy the new facility when completed.

The Research Center entered into a Cooperative Endeavor Agreement with the State of Louisiana Department of Economic Development and the State Office of Facility Planning and Control during the year ended June 30, 2009. Under the Cooperative Endeavor Agreement, the Research Center may receive reimbursement for State-approved capital improvement expenditures for the cancer research facility.

**NOTE F - RETIREMENT PLAN**

All full-time Research Center employees are eligible to participate in a 403(b) retirement plan. The existing 403(b) plan is a tax-sheltered annuity (TSA) plan, currently administered by TIAA-CREF. Although eligible employees are not required to participate in the Plan, contributions are made by the Research Center as part of the established benefits package. The Plan also allows for employee contributions with a matching requirement up to 3% of the employee's annual compensation. The Research Center contributed \$42,231 to the Plan for the year ended June 30, 2009.

**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, 2009**

**NOTE G - SCHEDULE OF FUNCTIONAL EXPENSES**

A Schedule of Functional Expenses for the year ended June 30, 2009 is as follows:

	<u>Program Expenses</u>	<u>General and Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Research expenses	\$ 9,211,620	\$ -	\$ -	\$ 9,211,620
Cessation expenses	7,130,409	-	-	7,130,409
Depreciation expense	-	600,255	-	600,255
Salaries and related expenses	-	396,433	-	396,433
Professional services	-	151,110	-	151,110
Operating services	-	129,316	-	129,316
Marketing	-	107,856	-	107,856
Fund raising expenses	-	-	58,369	58,369
Other expenses	-	12,482	-	12,482
Travel	-	8,110	-	8,110
Supplies	-	5,470	-	5,470
	<u>\$16,342,029</u>	<u>\$ 1,411,032</u>	<u>\$ 58,369</u>	<u>\$ 17,811,430</u>

**NOTE H - 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, 2009.

**NOTE I - ECONOMIC DEPENDENCY**

The Research Center received ninety-seven (97) percent of its revenue from funds provided through grants administered by the State of Louisiana during the year ended June 30, 2009. The grant amounts are appropriated annually by the State of Louisiana. If significant budget cuts to the Research Center are made at the State level, the amount of funds the Research Center receives could be reduced significantly and have an adverse impact on its operations.

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2009**

**NOTE J - 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 "Research 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 Research Center includes L.S.U. Health Sciences Center in New Orleans, Tulane University Health Sciences Center and Xavier University of Louisiana, which are governed by governing boards with common members.

The Research 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 Research Center's research and cessation components. The Research Center reimburses LGTRC based on billings. The total billed to the Center for the fiscal year ended June 30, 2009 was \$486,993.

**LSU Health Sciences Center in New Orleans**

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

As management, two members of the LSUHSC are on the governing board of the Research Center. The Chancellor for LSU Health Sciences Center in New Orleans served as the Vice-Chairman of the Board for the year ending June 30, 2009. The Chairman position rotates between the two Health Sciences Center's (LSUHSC and TUHSC) Leaders as dictated by statute. The Vice Chancellor for Academic Affairs of LSU Health Sciences Center in New Orleans is also a voting member of the Research Center's Board.

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

As grantee, the LSUHSC is allocated Research Center funding support for program development (part of the mission of the Research Center). Transfer of funds to LSUHSC for the program is governed by a fully executed operating agreement which includes an annual budget submitted by LSU Health Sciences Center in New Orleans and approved by the Research Center's Board.

**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, 2009**

**NOTE J – RELATED PARTIES (CONTINUED)**

The total amount billed to the Research Center for services rendered during the fiscal year ended June 30, 2009 was \$3,782,569.

As a vendor, LSUHSC Auxiliary Stores provide goods and services (including research equipment, office and computer supplies) to the Research Center. The stores conveniently provide products and services which supports the mission of the Research Center. The total amount billed to the Research Center for goods and services during the fiscal year ending June 30, 2009 was \$21,145.

**Tulane University Health Sciences Center**

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

As management, two members of TUHSC are on the governing board of the Research Center. TUHSC's Senior Vice President for Health Sciences served as Chairman of the Board for the fiscal year ending June 30, 2009. The other TUHSC position was held by the Associate Dean for School of Medicine.

As grantee, TUHSC is allocated Research Center funding support for program development (part of the mission of the Research 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 Research Center's Board. The total amount billed to the Research Center for services rendered during the fiscal year ended June 30, 2009 was \$4,200,645.

**Xavier University of Louisiana**

Xavier University of Louisiana (XULA) is one of the three partner institutions that comprise the Research Center. The other two institutions are the LSU Health Sciences Center in New Orleans (LSUHSC) and Tulane University Health Sciences Center (TUHSC).

As management, one member of XULA is on the governing board of the Research Center. Xavier's President served as Board member for the fiscal year ending June 30, 2009.

As grantee, Xavier University of Louisiana is allocated Research Center funding support for program development (part of the mission of the Research Center). Transfer of funds to XULA for the program is governed by a fully executed operating agreement which includes an annual budget submitted by XULA and approved by the Research Center's Board. The total amount billed to the Research Center for services rendered during the fiscal year ended June 30, 2009 was \$976,309.

**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, 2009**

**NOTE K - LEASES**

The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College has leased land to the Research Center on which the Research Center is constructing its new cancer research building. The lease was executed on February 18, 2008 and has a lease term of fifty (50) years. The rental amount is \$80,000 per year payable in quarterly installments until the new Research Center building is substantially complete or January 1, 2011, whichever occurs first. Thereafter, the rental amount will be \$129,174, payable in quarterly installments.

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

Year ending <u>June 30,</u>	<u>Amount</u>
2010	\$ 80,000
2011	129,174
2012	129,174
2013	129,174
2014	129,174
Thereafter	<u>5,683,656</u>
Total minimum lease payments	<u>\$ 6,280,352</u>

## **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, 2009**

	Cancer Research	Cessation	Fund Raising	Property and Equipment	Total
<b>REVENUE</b>					
Grants	\$ 14,427,345	\$ 7,095,570	\$ -	\$ -	\$ 21,522,915
Interest	67,161	44,395	3,923	-	115,479
Investment income	175,102	-	-	-	175,102
Net change in unrealized gain on investments	3,355	-	-	-	3,355
Other	-	-	261,614	-	261,614
<b>Total Revenue</b>	<u>14,672,963</u>	<u>7,139,965</u>	<u>265,537</u>	<u>-</u>	<u>22,078,465</u>
<b>EXPENSES</b>					
Research expenses	9,211,620	-	-	-	9,211,620
Cessation expenses	-	7,130,409	-	-	7,130,409
Depreciation	-	-	-	600,255	600,255
Salaries and related expenses	342,863	53,570	-	-	396,433
Fund raising expenses	-	-	58,344	-	58,344
Professional services	150,815	295	-	-	151,110
Operating services	126,680	2,636	-	-	129,316
Other expenses	1,575	1,145	25	-	2,745
Supplies	5,236	234	-	-	5,470
Travel	8,110	-	-	-	8,110
Marketing	107,856	-	-	-	107,856
Business expenses	9,762	-	-	-	9,762
<b>Total Expenses</b>	<u>9,964,517</u>	<u>7,188,289</u>	<u>58,369</u>	<u>600,255</u>	<u>17,811,430</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	4,708,446	(48,324)	207,168	(600,255)	4,267,035
Property and Equipment Capitalized	(416,226)	-	-	416,226	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>25,413,835</u>	<u>9,677,659</u>	<u>74,271</u>	<u>6,158,520</u>	<u>41,324,285</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 29,706,055</u>	<u>\$ 9,629,335</u>	<u>\$ 281,439</u>	<u>\$ 5,974,491</u>	<u>\$ 45,591,320</u>

**REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • www.rebowe.com

## **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**

New Orleans, Louisiana

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 (the "Research Center"), as of and for the year ended June 30, 2009, and have issued our report thereon August 18, 2009. 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 the Research Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Research Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Research Center's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Research Center's financial statements that is more than inconsequential will not be prevented or detected by the Research Center's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Research Center's internal control.

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

### **Compliance and Other Matters**

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

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

*Rebowe & Company*

August 18, 2009

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009**

**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 significant deficiencies 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, 2009.

**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, 2009**

**A. Findings - Financial Statement Audit**

There were no findings for the year ended June 30, 2008.

**B. Management Letter**

A Management Letter was not issued for the year ended June 30, 2008.

**LOUISIANA CANCER RESEARCH CENTER OF  
L.S.U. HEALTH SCIENCES CENTER  
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2009**

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  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2009

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

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MD&A

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (Additional information in Appendix B)	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 (See Appendix C)	
D.	Capital Assets – Including Capital Lease Assets	
E.	Inventories	
F.	Restricted Assets	
G.	Leave	
H.	Retirement System	
I.	Other Postemployment Benefits (Additional information in Appendix D)	
J.	Leases	
K.	Long-Term Liabilities	
L.	Contingent Liabilities	
M.	Related Party Transactions	
N.	Accounting Changes	
O.	In-Kind Contributions	
P.	Defeased Issues	
Q.	Revenues or Receivables – Pledged or Sold (GASB 48) (See Appendix E)	
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	
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AA.	Prior-Year Restatement of Net Assets	
BB.	Net Assets Restricted by Enabling Legislation (See Appendix F)	
CC.	Impairment of Capital Assets (See Appendix G)	
DD.	Employee Termination Benefits	
EE.	Pollution Remediation Obligations	

**Schedules**

- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 5 Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non-GAAP Basis (applicable only for entities whose budget is appropriated by the legislature)
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors (see Appendix H)

**Appendix**

- A General Instructions for Preparation of the Consolidated BTA AFR
- B Instructions for the Simplified Statement of Activities
- C Information for Note C – Deposits with Financial Institutions & Investments
- D Information for Note I – Other Postemployment Benefits
- E Information for Note Q – Revenues or Receivables – Pledged or Sold (GASB 48)
- F Information for Note BB – Net Assets Restricted by Enabling Legislation
- G Information for Note CC – Impairment of Capital Assets
- H Information for Schedule 16 – Cooperative Endeavors

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2009

LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN  
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER  
1615 Poydras St. Ste 1000, New Orleans LA 70112

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

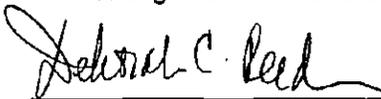
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Deborah C. Reeder, Vice President of Finance of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center at June 30, 2009 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 25<sup>th</sup> day of August, 2009.

  
\_\_\_\_\_  
Signature of Agency Official

  
\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: Ryan A. Graffagnini

Title: Fiscal Operations Analyst

Telephone No.: (504) 598-1557

Date: 8/25/09

Email Address: rgraftagnini@lqtrc.org

STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L S U HEALTH SCIENCES CENTER IN NEW  
ORLEANS/TULANE HEALTH SCIENCES CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009

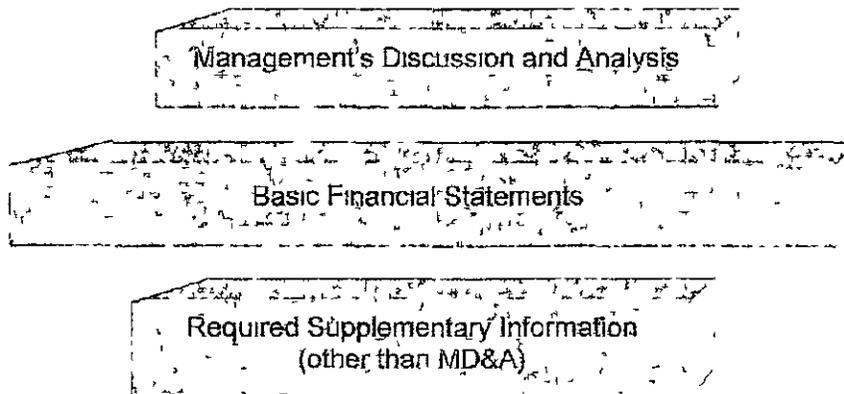
The Management's Discussion and Analysis of the Louisiana Cancer Research Center of L S U Health Sciences Center in New Orleans/Tulane Health Sciences Center (Louisiana Cancer Research Center's) financial performance presents a narrative overview and analysis of the Louisiana Cancer Research Center's financial activities for the year ended June 30, 2009. 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 29.

#### FINANCIAL HIGHLIGHTS

- ★ The Louisiana Cancer Research Center's assets exceeded its liabilities at the close of fiscal year 2009 by \$45,591,320, which represents a 10% increase from last fiscal year. The net assets increased by \$4,267,035.
- ★ The Louisiana Cancer Research Center's revenue increased \$3,197,322 (or 17%) and the net results from activities increased by \$3,600,864 (or 541%).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

#### 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.

STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2009

The Balance Sheet (page 29) 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 30) presents information showing how the Louisiana Cancer Research Center's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 32) presents information showing how the Louisiana Cancer Research Center's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

	Total	
	2009	2008
Current and other assets	\$ 37,600	\$ 33,982
Capital assets	14,620	9,570
<b>Total assets</b>	<b>52,220</b>	<b>43,552</b>
Other liabilities	6,629	2,228
Long-term debt outstanding		
<b>Total liabilities</b>	<b>6,629</b>	<b>2,228</b>
<b>Net assets</b>		
Invested in capital assets, net of debt	12,688	9,553
Restricted		
Unrestricted	32,903	31,771
<b>Total net assets</b>	<b>\$ 45,591</b>	<b>\$ 41,324</b>

FINANCIAL ANALYSIS OF THE ENTITY

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

Net assets of Louisiana Cancer Research Center's increased by \$4,267,035, or 10%, from June 30, 2008 to June 30, 2009. The primary reason is due to the addition to the Construction in Progress asset which increased by 83%. Other causes include increases in cash, partially offset by an increase in accounts payable.

STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L S U HEALTH SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2009

	Total	
	2009	2008
Operating revenues	\$ 21,900	\$ 18,702
Operating expenses	17,811	18,542
Operating income (loss)	4,089	160
Non-operating revenues	178	506
Non-operating expenses		
Income (loss) before transfers	4,267	666
Transfers in		
Transfers out		
Net increase (decrease) in net assets	\$ 4,267	\$ 666

\* Enter expenses as a negative amount

The Louisiana Cancer Research Center's total revenues increased by \$3,197,322 or (17%) The total cost of all programs and services decreased by \$730,929 or 4%

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets

At the end of fiscal year ended June 30, 2009, the Louisiana Cancer Research Center had \$14,619,730 (net) invested in a broad range of capital assets, including land, construction in progress, research and office equipment (see accompanying Table) This amount represents a net increase (including additions and deductions) of \$5,049,335, or 53%, over last year

This year's major additions included (in thousands)

- o \$5,233 – Construction in Progress

	2009	2008
Land	\$ 672	\$ 672
Buildings and improvements	11,533	6,300
Equipment	2,415	2,598
Infrastructure		
Totals	\$ 14,620	\$ 9,570

STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF LSU HEALTH SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2009

Debt

The Louisiana Cancer Research Center had \$ 0 thousand in bonds and notes outstanding at year-end. The Louisiana Cancer Research Center currently has no outstanding long-term debt.

Outstanding Obligations	2009	2008
General Obligation Bonds	\$	\$
Revenue Bonds and Notes	\$	\$
Totals	\$	\$

The Louisiana Cancer Research Center has claims and judgments of \$0 outstanding at year-end compared with \$0 last year. Other obligations include accrued vacation pay and sick leave.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$0 over budget and expenditures were \$346,095 or (2%) less than budget due in part to delays in faculty recruitment.

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:

- o Changes in the tobacco tax projections and receipts
- o Faculty recruitment and other personal services expenses
- o Operating services expenses

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

- o Net assets will increase significantly due to an anticipated increase construction in progress activity
- o Program development activities including faculty recruitment should continuously improve thus resulting in an increase in the number of NIH/NCI funded faculty and an increase in federal grants which can be used to support further program development
- o Tobacco tax projections are expected to increase thus increase appropriated revenue

**STATE OF LOUISIANA  
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW  
ORLEANS/TULANE HEALTH SCIENCES CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009**

**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 SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
 BALANCE SHEET  
 AS OF JUNE 30, 2009

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	15,932,850
Investments		11,005,528
Receivables (net of allowance for doubtful accounts)(Note U)		10,641,840
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		20,000
Notes receivable		
Other current assets		
Total current assets		37,600,218

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		671,808
Buildings and improvements		
Machinery and equipment		2,414,852
Infrastructure		
Construction-in-progress		11,533,070
Other noncurrent assets		
Total noncurrent assets		14,619,730
Total assets	\$	52,219,948

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	6,628,628
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
Other long-term liabilities		
Total current liabilities		6,628,628

NONCURRENT LIABILITIES: (Note K)

Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
OPEB payable		
Other long-term liabilities		
Total noncurrent liabilities		-
Total liabilities		6,628,628

NET ASSETS

Invested in capital assets, net of related debt		12,688,382
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		32,902,938
Total net assets		45,591,320
Total liabilities and net assets	\$	52,219,948

STATE OF LOUISIANA Statement B  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2009

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other - Grants (LSU HSC)	21,522,915
Other - Fundraising	261,614
Total operating revenues	<u>21,784,529</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____
Administrative	17,211,175
Depreciation	600,255
Amortization	_____
Total operating expenses	<u>17,811,430</u>
Operating income(loss)	<u>3,973,099</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	_____
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	293,936
Other expense	_____
Total non-operating revenues(expenses)	<u>293,936</u>
Income(loss) before contributions, extraordinary items, & transfers	<u>4,267,035</u>
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>4,267,035</u>
Total net assets – beginning	<u>41,324,285</u>
Total net assets – ending	<u>\$ 45,591,320</u>

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

STATE OF LOUISIANA Statement C  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

See Appendix B for instructions

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Entity	\$ <u>17,811,430</u>	\$ _____	\$ <u>21,522,915</u>	\$ <u>3,711,485</u>
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				293,936
Miscellaneous				261,614
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				555,550
Change in net assets				4,267,035
Net assets - beginning as restated				
Net assets - ending				\$ <u>4,267,035</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED JUNE 30, 2009

Statement D

<b>Cash flows from operating activities</b>		
Cash received from customers	\$	<u>20,553,457</u>
Cash payments to suppliers for goods and services		<u>(12,814,778)</u>
Cash payments to employees for services		
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		<u>377,093</u>
Net cash provided(used) by operating activities		<u>8,115,772</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
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		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		<u>(5,649,589)</u>
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(5,649,589)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		<u>(34,131,444)</u>
Proceeds from sale of investment securities		<u>33,956,342</u>
Interest and dividends earned on investment securities		<u>175,102</u>
Net cash provided(used) by investing activities		<u>-</u>
Net increase(decrease) in cash and cash equivalents		<u>2,466,183</u>
Cash and cash equivalents at beginning of year		<u>13,466,667</u>
Cash and cash equivalents at end of year	\$	<u><u>15,932,850</u></u>

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 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2009**

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

Operating income(loss)	\$	<u>4,088,578</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization		<u>600,255</u>
Provision for uncollectible accounts		<u>          </u>
Other		<u>          </u>
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		<u>(974,136)</u>
(Increase)decrease in due from other funds		<u>          </u>
(Increase)decrease in prepayments		<u>342</u>
(Increase)decrease in inventories		<u>          </u>
(Increase)decrease in other assets		<u>          </u>
Increase(decrease) in accounts payable and accruals		<u>4,400,733</u>
Increase(decrease) in compensated absences payable		<u>          </u>
Increase(decrease) in due to other funds		<u>          </u>
Increase(decrease) in deferred revenues		<u>          </u>
Increase(decrease) in OPEB payable		<u>          </u>
Increase(decrease) in other liabilities		<u>          </u>
Net cash provided(used) by operating activities	\$	<u>8,115,772</u>

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

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

The accompanying notes are an integral part of this statement.  
**Statement D** (concluded)

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**INTRODUCTION**

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

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

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

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

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

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

**Revenue Recognition**

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

**Expense Recognition**

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

**B. BUDGETARY ACCOUNTING**

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

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.

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

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>21,552,915</u>
Amendments:	_____
	_____
	_____
Final approved budget	\$ <u><u>21,552,915</u></u>

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

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

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

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

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The deposits at June 30, 2009 consisted of the following:

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>&amp; Repurchase Agreements</u>	<u>Total</u>
Balance per agencybooks (Balance Sheet)	\$ (669,655)	\$ _____	\$ 16,602,505	\$ 15,932,850
Deposits in bank accounts per bank	\$ _____	\$ _____	\$ 16,602,505	\$ 16,602,505
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ _____	\$ _____	\$ _____	\$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name.	\$ _____	\$ _____	\$ _____	\$ -

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

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

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Whitney National Bank	715-112-961	\$ 9,157,799
2. Whitney National Bank	715-112-988	6,732,083
3. Whitney National Bank	715-760-769	636,473
4. Regions National Bank	4305090032	75,668
Total		\$ 16,602,023

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	\$ 0
Petty cash	\$ 0

**2. INVESTMENTS**

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

**Custodial Credit Risk**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the

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securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

Type of Investment	to Custodial Credit Risk		Custodial Credit Risk Exposure	
	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Balance Sheet	Fair Value
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government securities	_____	_____	517,970	517,970
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP) ***	_____	_____	_____	_____
External Investment Pool (Other)	_____	_____	_____	_____
Other: (Commercial Paper)	_____	_____	10,487,558	10,487,558
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 11,005,528	\$ 11,005,528

\* Unregistered - not registered in the name of the government or entity  
 \*\* These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix C for the definition of U.S. Government Obligations)  
 \*\*\* LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level

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3. DERIVATIVES

The institution **does not** invest in derivatives as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:

credit risk \_\_\_\_\_  
 market risk \_\_\_\_\_  
 legal risk \_\_\_\_\_

Technical Bulletin 2003-1 requires certain note disclosures for derivatives that are not reported at fair value on the Balance Sheet. See Appendix C for more details and disclose any of these required note disclosures below, if applicable. \_\_\_\_\_

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

A. Credit Risk of Debt Investments

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

<u>Rating Agency</u>	<u>Rating</u>	<u>Fair Value</u>
S&P	AAA	\$ 517,970
S&P	AAA	10,487,558
_____	_____	_____
_____	_____	_____
_____	_____	_____
	<b>Total</b>	<b>\$ 11,005,528</b>

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**B. Interest Rate Risk of Debt Investments**

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments.)

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ 517,970	\$ 517,970	\$	\$	\$
U.S. Agency obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds (describe)					
Mutual bond funds					
Other	10,487,558	10,487,558			
<b>Total debt investments</b>	<b>\$ 11,005,528</b>	<b>\$ 11,005,528</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
<b>None</b>	\$	
<b>Total</b>	<b>\$ -</b>	

**C. Concentration of Credit Risk**

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

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
<b>None</b>	\$	
<b>Total</b>	<b>\$ -</b>	

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D. Foreign Currency Risk

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

Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
None	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____	\$ _____

5. POLICIES

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

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

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

- a. Investments in pools managed by other governments or mutual funds N/A
- b. Securities underlying reverse repurchase agreements N/A
- c. Unrealized investment losses NONE
- d. Commitments as of June 30, 2009, to resell securities under yield maintenance repurchase agreements:
  - 1. Carrying amount and market value at June 30 of securities to be resold N/A
  - 2. Description of the terms of the agreement N/A
- e. Losses during the year due to default by counterparties to deposit or investment transactions NONE
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet NONE

Legal or Contractual Provisions for Reverse Repurchase Agreements

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

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Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest N/A
- j. Commitments on June 30, 2009 to repurchase securities under yield maintenance agreements NONE
- k. Market value on June 30, 2009 of the securities to be repurchased N/A
- l. Description of the terms of the agreements to repurchase N/A
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements NONE
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement NONE

Fair Value Disclosures (GASB 31)

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

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

- v. Louisiana Cancer Research Center of L.S.U. Health Science Center in New Orleans/ Tulane Health Sciences Center owns land or other real estate held as investments by endowments. NO

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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.

	Yearended June 30, 2009							
	Prior Period Adjustments			Adjusted Balance 6/30/2008	Additions	Transfers*	Retirements	Balance 6/30/2009
	Balance 6/30/2008	Adj. after submitted to OSRAP (+or-)	Restatements (+or-)					
<i>Capital assets not being depreciated</i>								
Land	\$ 671,808	\$	\$	\$ 671,808	\$	\$	\$	\$ 671,808
Non-depreciable land improvements				-				-
Capitalized collections				-				-
Construction in progress	6,299,707			6,299,707	5,233,363			11,533,070
<b>Total capital assets not being depreciated</b>	<b>6,971,515</b>	<b>-</b>	<b>-</b>	<b>6,971,515</b>	<b>5,233,363</b>	<b>-</b>	<b>-</b>	<b>12,204,878</b>
<i>Other capital assets</i>								
Machinery and equipment	4,187,887			4,187,887	466,047		(55,800)	4,598,134
Less accumulated depreciation	(1,589,006)			(1,589,006)	(600,255)		5,979	(2,183,282)
<b>Total Machinery and equipment</b>	<b>2,598,881</b>	<b>-</b>	<b>-</b>	<b>2,598,881</b>	<b>(134,208)</b>	<b>-</b>	<b>(49,821)</b>	<b>2,414,852</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>	<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>	<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>-</b>
<b>Total other capital assets</b>	<b>2,598,881</b>	<b>-</b>	<b>-</b>	<b>2,598,881</b>	<b>(134,208)</b>	<b>-</b>	<b>(49,821)</b>	<b>2,414,852</b>
<b>Capital Asset Summary:</b>								
Capital assets not being depreciated	6,971,515	-	-	6,971,515	5,233,363	-	-	12,204,878
Other capital assets, at cost	4,187,887	-	-	4,187,887	466,047	-	(55,800)	4,598,134
<b>Total cost of capital assets</b>	<b>11,159,402</b>	<b>-</b>	<b>-</b>	<b>11,159,402</b>	<b>5,699,410</b>	<b>-</b>	<b>(55,800)</b>	<b>16,803,012</b>
Less accumulated depreciation	(1,589,006)	-	-	(1,589,006)	(600,255)	-	5,979	(2,183,282)
<b>Capital assets, net</b>	<b>\$ 9,570,396</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,570,396</b>	<b>\$ 5,099,155</b>	<b>\$ -</b>	<b>\$ (49,821)</b>	<b>\$ 14,619,730</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.

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E. INVENTORIES – N/A

F. RESTRICTED ASSETS – N/A

G. LEAVE

1. COMPENSATED ABSENCES

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

Employees of the center accrue leave immediately upon hire, but at varying rates based on classification and years of service. Vacation and sick time are accrued on a monthly basis. Upon termination, employees will be paid for accrued vacation leave to be calculated at the employee's hourly rate upon termination. Accrued annual and sick leave at June 30, 2009 amount to \$61,379

2. COMPENSATORY LEAVE – N/A

H. RETIREMENT SYSTEM

All full-time Research Center employees are eligible to participate in a 403(b) retirement plan. The existing 403(b) plan is a tax-sheltered annuity (TSA) plan, currently administered by TIAA-CREF. Although eligible employees are not required to participate in the Plan, contributions are made by the Research Center as part of the established benefits package. The Plan also allows for employee contributions with a matching requirement up to 3% of the employee's annual compensation. The Research Center contributed \$42,231 to the Plan for the year ended June 30, 2009.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – N/A

J. LEASES

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

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2009 amounted to \$ 80,000. (Note: If lease payments extend past FY 2024, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

Nature of lease	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015- 2019	FY 2020- 2024
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____	_____
Land	80,000	129,174	129,174	129,174	129,174	645,870	645,870
Other	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>	<b>\$ 80,000</b>	<b>\$ 129,174</b>	<b>\$ 129,174</b>	<b>\$ 129,174</b>	<b>\$ 129,174</b>	<b>\$ 645,870</b>	<b>\$ 645,870</b>

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**2. CAPITAL LEASES**

Capital leases are not recognized in the accompanying financial statements.

**K. LONG-TERM LIABILITIES – N/A**

**L. CONTINGENT LIABILITIES – N/A**

**M. 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 "Research 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 Research Center includes L.S.U. Health Sciences Center in New Orleans, Tulane University Health Sciences Center and Xavier University of Louisiana, which are governed by governing boards with common members.

The Research 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 Research Center's research and cessation components. The Research Center reimburses LGTRC based on billings. The total billed to the Center for the fiscal year ended June 30, 2009 was \$486,993.

**LSU Health Sciences Center in New Orleans**

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

As management, two members of the LSUHSC are on the governing board of the Research Center. The Chancellor for LSU Health Sciences Center in New Orleans served as the Vice-Chairman of the Board for the year ending June 30, 2009. The Chairman position rotates between the two Health Sciences Center's (LSUHSC and TUHSC) Leaders as dictated by statute. The Vice Chancellor for Academic Affairs of LSU Health Sciences Center in New Orleans is also a voting member of the Research Center's Board.

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

As grantee, the LSUHSC is allocated Research Center funding support for program development (part of the mission of the Research Center). Transfer of funds to LSUHSC for the program is governed by a fully executed operating agreement which includes an annual budget submitted by LSU Health Sciences Center in New Orleans and approved by the Research Center's Board. The total amount billed to the Research Center for services rendered during the fiscal year ended June 30, 2009 was \$3,782,569.

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As a vendor, LSUHSC Auxiliary Stores provide goods and services (including research equipment, office and computer supplies) to the Research Center. The stores conveniently provide products and services which supports the mission of the Research Center. The total amount billed to the Research Center for goods and services during the fiscal year ending June 30, 2009 was \$21,145.

**Tulane University Health Sciences Center**

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

As management, two members of TUHSC are on the governing board of the Research Center. TUHSC's Senior Vice President for Health Sciences served as Chairman of the Board for the fiscal year ending June 30, 2009. The other TUHSC position was held by the Associate Dean for School of Medicine.

As grantee, TUHSC is allocated Research Center funding support for program development (part of the mission of the Research 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 Research Center's Board. The total amount billed to the Research Center for services rendered during the fiscal year ended June 30, 2009 was \$4,200,645.

**Xavier University of Louisiana**

Xavier University of Louisiana (XULA) is one of the three partner institutions that comprise the Research Center. The other two institutions are the LSU Health Sciences Center in New Orleans (LSUHSC) and Tulane University Health Sciences Center (TUHSC).

As management, one member of XULA is on the governing board of the Research Center. Xavier's President served as Board member for the fiscal year ending June 30, 2009.

As grantee, Xavier University of Louisiana is allocated Research Center funding support for program development (part of the mission of the Research Center). Transfer of funds to XULA for the program is governed by a fully executed operating agreement which includes an annual budget submitted by XULA and approved by the Research Center's Board. The total amount billed to the Research Center for services rendered during the fiscal year ended June 30, 2009 was \$976,309.

**N. ACCOUNTING CHANGES – N/A**

**O. IN-KIND CONTRIBUTIONS – N/A**

**P. DEFEASED ISSUES – N/A**

**Q. REVENUES – PLEDGED OR SOLD (GASB 48) – N/A**

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – N/A**

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Notes to the Financial Statement  
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S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – N/A

T. SHORT-TERM DEBT– N/A

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2009, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Cancer Research Program	\$ 5,200,178	\$ -	\$ -	\$ 4,678	\$ 5,204,856
Cessation Program	3,547,785	-	-	-	3,547,785
Facility Planning & Control	1,889,199	-	-	-	1,889,199
Gross receivables	\$ 10,637,162	\$ -	\$ -	\$ -	\$ -
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ 10,637,162	\$ -	\$ -	\$ -	\$ 10,641,840

Amounts not scheduled  
for collection during the

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2009, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Cancer Research Program	\$ 1,689,314	\$ -	\$ -	\$ 61,379	\$ 1,750,693
Cessation Program	2,988,733	-	-	-	2,988,733
Facility Planning & Control	1,889,202	-	-	-	1,889,202
Total payables	\$ 6,567,249	\$ -	\$ -	\$ 61,379	\$ 6,628,628

W. SUBSEQUENT EVENTS – N/A

X. SEGMENT INFORMATION – N/A

Y. DUE TO/DUE FROM AND TRANSFERS – N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – N/A

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Notes to the Financial Statement  
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AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – N/A

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) – N/A

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – N/A

DD. EMPLOYEE TERMINATION BENEFITS

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan.

Other termination benefits **paid as part of a plan, as described above**, may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Healthcare coverage when none would otherwise be provided (COBRA)
3. *Compensated absences, including payments for leave balances*
4. Payments due to early release from employment contracts

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

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

**The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.**

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For the year ended June 30 2009, the cost of providing those benefits for 0 voluntary terminations totaled \$0. For the year ended June 30 2009, the cost of providing those benefits for 0 involuntary terminations totaled \$0.

The liability for the accrued voluntary terminations benefits payable at June 30, 2009 is \$0. This liability consists of 0 voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, 2009 is \$0. This liability consists of 0 involuntary terminations.

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

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

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

**EE. POLLUTION REMEDIATION OBLIGATIONS – N/A**



STATE OF LOUISIANA  
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW  
 ORLEANS/TULANE HEALTH SCIENCES CENTER  
 SCHEDULE OF NOTES PAYABLE  
 June 30, 2009

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
NONE		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

\*Send copies of new amortization schedules

**STATE OF LOUISIANA**  
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**SCHEDULE OF BONDS PAYABLE**  
*June 30, 2009*

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
<u>NONE</u>		\$	\$	\$	\$		\$
<b>Total</b>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>		<u>\$</u>

\*Send copies of new amortization schedules

**STATE OF LOUISIANA**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW**  
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**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended June 30, 2009**

<u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2010	\$ <b>NONE</b>	\$ _____	\$ _____	\$ _____
2011	_____	_____	_____	_____
2012	_____	_____	_____	_____
2013	_____	_____	_____	_____
2014	_____	_____	_____	_____
2015-2019	_____	_____	_____	_____
2020-2024	_____	_____	_____	_____
2025-2029	_____	_____	_____	_____
2030-2034	_____	_____	_____	_____
 Total	 \$ _____	 \$ _____	 \$ _____	 \$ _____

**STATE OF LOUISIANA**  
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**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For the Year Ended June 30, 2009**

Fiscal Year Ending:	Principal	Interest
2010	\$ <u>NONE</u>	\$ _____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
2030-2034	_____	_____
Total	\$ <u>          --</u>	\$ <u>          --</u>

SCHEDULE 4-B

**STATE OF LOUISIANA**  
**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN NEW**  
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**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 2009**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2010	\$ <u>NONE</u>	\$ _____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
Total	\$ <u>          -</u>	\$ <u>          -</u>

STATE OF LOUISIANA

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

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>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 21,900,008	\$ 18,702,686	\$ 3,197,322	17%
Expenses	17,811,430	18,544,214	(732,784)	(4%)
2) Capital assets	14,619,730	9,570,396	5,049,334	53%
Long-term debt			-	
Net Assets	\$ 45,591,320	41,322,430	4,268,890	10%

The increase in revenue is due to the addition of the Department of Economic and Facility Planning & Commission Development Cooperative Endeavor Agreement Grant. The 53% increase in Capital assets is due to increase to the increased activity on the Cancer Center construction project. The 10% increase in Net assets is due to increased revenue from the DED & FPC grant.

Explanation for change: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

