

6239

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**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 2/17/10

**CASCIO & SCHMIDT, LLC**  
**Certified Public Accountants**

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**TABLE OF CONTENTS**

	<b>PAGE</b>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4 - 5
Notes to Financial Statements	6 - 10
SUPPLEMENTAL INFORMATION	
Combined Statement of Activities	12
Statement of Expenses	13 - 14
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	15 - 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	17

# CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Louisiana Gene Therapy Research Consortium, Inc.

We have audited the accompanying statement of financial position of Louisiana Gene Therapy Research Consortium, Inc. (a non-profit corporation) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Consortium's 2008 financial statements and, in our report dated December 23, 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 Gene Therapy Research Consortium, Inc. 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 December 17, 2009, on our consideration of Louisiana Gene Therapy Research Consortium, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Louisiana Gene Therapy Research Consortium, Inc. taken as a whole. The accompanying combined statement of activities and the statement of expenses are presented for purposes of additional analysis and are 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.

*Cascio & Schmidt, LLC*

Metairie, Louisiana  
December 17, 2009

3000 Kingman Street • Suite 104 • Metairie, Louisiana 70006 • 504.455.3182 • Fax 504.455.3076

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2009**

	<b>ASSETS</b>		<b>MEMORANDUM ONLY</b>	
	<u>June 30, 2009</u>		<u>June 30, 2008</u>	
<b>CURRENT ASSETS</b>				
Cash (Note A4)	\$	1,185,815	\$	1,330,913
Receivables (Notes A5 and B)		502,294		1,387,918
		<hr/>		<hr/>
Total current assets		1,688,109		2,718,831
<b>PROPERTY AND EQUIPMENT - at cost (Note A6)</b>				
Lab scientific equipment		13,237,490		12,820,990
Office furniture and equipment		185,722		168,560
		<hr/>		<hr/>
		13,423,212		12,989,550
Less accumulated depreciation		(10,327,797)		(8,851,961)
		<hr/>		<hr/>
		3,095,415		4,137,589
Construction in progress (Note H)		-		3,018,961
		<hr/>		<hr/>
		3,095,415		7,156,550
<b>OTHER ASSETS</b>				
Deposits		3,394		3,394
		<hr/>		<hr/>
Total assets	\$	4,786,918	\$	9,878,775
		<hr/>		<hr/>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$	528,936	\$	1,441,382
		<hr/>		<hr/>
Total current liabilities		528,936		1,441,382
<b>COMMITMENT - (Note E)</b>		-		-
<b>NET ASSETS (Notes A2 and A3)</b>				
Temporarily restricted		4,257,982		8,437,393
		<hr/>		<hr/>
Total liabilities and net assets	\$	4,786,918	\$	9,878,775
		<hr/>		<hr/>

The accompanying notes are an integral part of this statement.

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2009**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total 2009</b>	<b>TOTAL MEMORANDUM ONLY 2008</b>
<b>REVENUE</b>				
Grants (Note C)	\$ -	\$ 4,400,422	\$ 4,400,422	\$ 5,635,044
Interest income	-	6,524	6,524	47,431
Other income	-	-	-	30,137
Net assets released from restrictions	<u>8,586,357</u>	<u>(8,586,357)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>8,586,357</u>	<u>(4,179,411)</u>	<u>4,406,946</u>	<u>5,712,612</u>
<b>EXPENSES</b>				
Salaries	523,180		523,180	450,468
Benefits and payroll taxes	132,024		132,024	131,319
Professional services	289,761		289,761	224,814
Facility expense	51,080		51,080	52,516
Office expense	57,084		57,084	63,352
Marketing and PR expense	7,719		7,719	39,871
Travel	67,266		67,266	48,950
Business expense	22,281		22,281	28,506
Education program	93,930		93,930	92,789
Research expense	2,482,885		2,482,885	3,073,209
Depreciation	1,475,836		1,475,836	1,404,271
Abandonment of construction- GMP Facility - Note H	<u>3,383,311</u>		<u>3,383,311</u>	<u>-</u>
Total expenses	<u>8,586,357</u>	<u>-</u>	<u>8,586,357</u>	<u>5,610,065</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	-	(4,179,411)	(4,179,411)	102,547
Net assets, beginning of year	-	8,437,393	8,437,393	8,334,846
Net assets, end of year	<u>\$ 0</u>	<u>\$ 4,257,982</u>	<u>\$ 4,257,982</u>	<u>\$ 8,437,393</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2009

	<u>2009</u>	<b>Memorandum only <u>2008</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grant revenue	\$ 4,505,196	\$ 3,261,530
Interest income	6,524	47,431
Other	-	30,137
	<u>4,511,720</u>	<u>3,339,098</u>
Payments to employees, suppliers and research expenses	(4,639,656)	(3,647,406)
Net Cash (Used by) Operating Activities	<u>(127,936)</u>	<u>(308,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(433,662)	(1,468,080)
Construction in progress	(364,350)	(367,309)
Net Cash (Used by) Investing Activities	<u>(798,012)</u>	<u>(1,835,389)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital grants	780,850	1,831,563
Net Cash Provided by Financing Activities	<u>780,850</u>	<u>1,831,563</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(145,098)</u>	<u>(312,134)</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,330,913</u>	<u>1,643,047</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,185,815</u>	<u>\$ 1,330,913</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**STATEMENT OF CASH FLOWS - CONTINUED**

Year Ended June 30, 2009

<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>2,009</u>	<u>Memorandum only 2008</u>
Increase (Decrease) in net assets	\$ (4,179,411)	\$ 102,547
Adjustments to reconcile increase (decrease) in net assets provided by (used by) operating activities:		
Capital grant revenue	(780,850)	(1,831,563)
Depreciation	1,475,836	1,404,271
(Increase) decrease in operating assets:		
Accounts receivable	885,624	(541,951)
Prepaid expenses	-	4,509
(Decrease) in operating liabilities		
Accounts payable	(912,446)	553,879
Abandonment of construction - Note H	<u>3,383,311</u>	<u>-</u>
Total adjustments	<u>4,051,475</u>	<u>(410,855)</u>
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>\$ <u>(127,936)</u></b>	<b>\$ <u>(308,308)</u></b>

The accompanying notes are an integral part of this statement.

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

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

**1. Nature of Activities**

The mission of the Louisiana Gene Therapy Research Consortium, Inc. is to advance health and promote research, education, and economic development for the citizens of Louisiana through gene- and cell-based medicine.

In carrying out its mission, the Consortium has the following five objectives:

- Promote and support cutting-edge gene - and cell-based research.
- Support the development of new therapies for disease from research advances.
- Provide public and professional education to promote career development.
- Facilitate economic growth through commercialization of research and creation of jobs.
- Increase awareness of the Consortium locally, regionally, and nationally.

**2. Financial Statement Presentation**

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Accordingly, the net assets of the Corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets during the year ended June 30, 2009.

**3. Revenue Recognition**

For financial reporting, the Corporation 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 classified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

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

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

**4. Cash and Cash Equivalents**

At June 30, 2009, the bank's recorded balance amounted to \$1,649,685, however, the Corporation's cash balance, after deducting outstanding checks, was \$1,185,815. The Corporation's agent pledges and holds securities in an amount sufficient to protect the Corporation's funds on a day to day basis.

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

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**5. Receivables**

The corporation considers accounts receivable to be fully collectible since the balance consists of payments due under governmental grants. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**6. Property and Equipment**

Louisiana Gene Therapy Research Consortium, Inc. follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the useful lives of the assets, generally as follows:

Lab scientific equipment	7 years
Office and computer equipment	3 years
Furniture	7 years

Property and equipment acquired and construction in progress amounted to \$433,662 during the year ended June 30, 2009. Depreciation amounted to \$1,475,836.

**7. 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.

**8. Functional Allocation of Expenses**

The expenses have been summarized on a functional basis in Note E. Certain of those expenses have been allocated among the program and supporting services benefited, based on estimates by management of the costs involved.

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

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

**9. Subsequent Events**

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (December 17, 2009).

**10. Total Columns of Combined Statements - Overview**

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE B - RECEIVABLES**

	<b>2009</b>	<b>Memorandum Only 2008</b>
Receivables consist of the following:		
Grant		
Louisiana Department of Economic Development	\$ 385,959	\$ 1,246,359
Louisiana Cancer Research Center	116,335	130,359
Other	-	11,200
	\$ 502,294	\$ 1,387,918

**NOTE C - GRANT REVENUE**

	<b>2009</b>	<b>Memorandum Only 2008</b>
Grant revenue consists of the following:		
Louisiana Board of Regents (Operating grant)	\$ 2,790,256	\$ 3,066,214
Louisiana Department of Economic Development GMP Facility		
Operating grant	829,316	737,267
Capital grant	364,350	367,309
Capital - Research equipment	416,500	1,464,254
	\$ 4,400,422	\$ 5,635,044

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

**NOTE D - FUNCTIONAL EXPENSES**

Functional expenses for the year ended June 30, 2009 are as follows:

**Program services**

Research program - Operating	\$ 2,482,885
Research program - Depreciation	1,460,397
GMP Facility - Operating	855,141
GMP Facility - Abandonment	<u>3,383,311</u>
	<u>8,181,734</u>

**Supportive Services**

Management and general - Operating	389,184
Management and general - Depreciation	<u>15,439</u>
	<u>404,623</u>
	<u>\$ 8,586,357</u>

**NOTE E - COMMITMENT**

The Corporation leases its administrative office under an operating lease expiring December 31, 2011. The future minimum rental payments are:

Year ending:	
June 30, 2010	\$ 41,928
June 30, 2011	41,928
June 30, 2012	<u>20,964</u>
	<u>\$ 104,820</u>

Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center (Louisiana Cancer Research Center) share the administrative office. Louisiana Gene Therapy Research Consortium, Inc's share of the lease rental for the year ended June 30, 2009, amounted to \$48,973.

**NOTE F - RETIREMENT PLANS**

As of June 30, 2009, the Corporation maintained two contributory retirement plans for its eligible employees. The plans offer employees the choice of two investment company options, Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF). Participating employee and Corporate contributions are immediately vested. The Corporation contributed \$42,399 to the two plans. The employer contribution percentage remained unchanged from the prior year.

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

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any board member during the year ended June 30, 2009.

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2009**

**NOTE H - ECONOMIC DEPENDENCY**

The Corporation received all 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 periodically by the State of Louisiana. If significant budget cuts are made at the State level, the amount of the funds the organization received could be reduced significantly and have an adverse impact on its operations.

In fiscal year 2009, the corporation received a 9% mid-year cut to its operating budget from the Board of Regents. The previous annual appropriations amount of \$3,066,214 was reduced to \$2,790,255. The 9% cut is expected to be applied to FY10's annual appropriation.

In June of 2009, the State made cuts to many programs due to a large budget deficit. The Louisiana Economic Department decided to cut the GMP program from the budget. FY09 is the last year for capital outlay and operating funding for Louisiana Gene Therapy Research Consortium's GMP facility. The cut also resulted in abandonment of the construction in progress.

**SUPPLEMENTAL INFORMATION**

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

COMBINED STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

	Central Administration	Program Research	GMP Facility	Property and Equipment	Total
<b>REVENUE</b>					
Grants					
Operating	\$ 450,287	\$ 2,339,969	\$ 829,316	-	\$ 3,619,572
Capital	-	416,500	364,350	-	780,850
Interest income	6,524	-	-	-	6,524
Total Revenue	<u>456,811</u>	<u>2,756,469</u>	<u>1,193,666</u>	<u>-</u>	<u>4,406,946</u>
<b>EXPENSES</b>					
Salaries	195,626	-	327,554	-	523,180
Benefits and payroll taxes	42,455	-	89,569	-	132,024
Professional services	6,466	-	283,295	-	289,761
Facility expense	13,176	-	37,904	-	51,080
Office expense	28,207	-	28,877	-	57,084
Marketing	500	-	7,219	-	7,719
Travel	1,061	-	66,205	-	67,266
Business expense	7,763	-	14,518	-	22,281
Education Program	93,930	-	-	-	93,930
Research expense	-	2,482,885	-	-	2,482,885
Depreciation expense	-	-	-	1,475,836	1,475,836
Abandonment of construction-GMP Facility	-	-	-	3,383,311	3,383,311
Total expenses	<u>389,184</u>	<u>2,482,885</u>	<u>855,141</u>	<u>4,859,147</u>	<u>8,586,357</u>
Increase (decrease) in net assets	67,627	273,584	338,525	(4,859,147)	(4,179,411)
Property and equipment capitalized:					
Lab scientific equipment	-	( 416,500)	-	416,500	-
Construction in progress	-	-	( 364,350)	364,350	-
Office equipment	( 17,162)	-	-	17,162	-
Transfers to/from Central Administration	( 366,437)	363,727	2,710	-	-
Net assets, beginning of year	<u>1,478,539</u>	<u>( 220,811)</u>	<u>23,115</u>	<u>7,156,550</u>	<u>8,437,393</u>
Net assets, end of year	<u>\$ 1,162,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,095,415</u>	<u>\$ 4,257,982</u>

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**STATEMENT OF EXPENSES**

	<b>June 30, 2009</b>	<b>Memorandum Only 2008</b>
	<u>2009</u>	<u>2008</u>
Salaries	\$ <u>523,180</u>	\$ <u>450,468</u>
Benefits and payroll taxes		
Health insurance	34,482	38,684
Life and disability expenses	6,550	4,501
Retirement benefits	42,348	38,261
Accrued leave	1,083	6,358
Payroll taxes	34,229	32,408
Parking	5,821	5,595
Dental insurance	1,815	1,380
Workers comp insurance	3,539	1,962
Payroll processing	2,157	2,170
	<u>132,024</u>	<u>131,319</u>
Professional Services		
Legal	101,250	79,024
Accounting	12,260	15,865
Procurement	36,000	36,000
Consultants	140,251	93,925
	<u>289,761</u>	<u>224,814</u>
Facility expense		
Lease and utilities	48,973	50,457
Insurance, property	2,107	2,059
	<u>51,080</u>	<u>52,516</u>
Office expense		
Office and computer supplies	19,326	33,605
Telephone and fax	12,371	11,634
Internet	3,841	4,082
Postage/Shipping	2,311	1,927
Printing	3,255	3,301
Administrative fees	318	80
Other	15,663	8,723
	<u>57,085</u>	<u>63,352</u>
Marketing and PR expense		
Sponsorships	500	-
Trade shows	1,323	12,834
Other	5,896	27,037
	<u>7,719</u>	<u>39,871</u>

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

STATEMENT OF EXPENSES - Continued

June 30, 2009

	<u>2009</u>	<u>Memorandum Only 2008</u>
Travel		
Mileage and parking	571	20
General travel	22,912	23,122
Conferences and conventions	<u>43,783</u>	<u>25,808</u>
	<u>67,266</u>	<u>48,950</u>
Business expenses		
General meetings/meals	2,874	9,064
Board meetings	1,610	1,501
Conferences and workshops	1,712	8
Membership dues	2,495	3,835
Subscriptions/Publications	9,738	10,071
Insurance, business	3,740	3,740
Business expense, other	112	287
	<u>22,281</u>	<u>28,506</u>
Program expense - Education		
Personnel	54,914	61,782
Other	<u>39,016</u>	<u>31,007</u>
	<u>93,930</u>	<u>92,789</u>
Research expense		
Personnel	1,533,822	1,836,074
Supplies	653,822	798,358
Professional services	72,104	60,198
Operating services	186,329	296,401
Travel and meetings	34,295	58,407
Other research expenses	2,513	23,771
	<u>2,482,885</u>	<u>3,073,209</u>
Depreciation expense	1,475,835	1,404,271
Abandonment of construction-GMP Facility	<u>3,383,311</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 8,586,065</u>	<u>\$ 5,610,357</u>

# CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

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

To the Directors  
Louisiana Board of Gene Therapy Research Consortium, Inc.

We have audited the financial statements of Louisiana Gene Therapy Research Consortium, Inc. (a non-profit corporation) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 23, 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 Louisiana Gene Therapy Research Consortium, Inc.'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 on the effectiveness of the Louisiana Gene Therapy Research Consortium, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Gene Therapy Research Consortium, Inc.'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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

As part of obtaining reasonable assurance about whether Louisiana Gene Therapy Research Consortium, Inc.'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 and 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, Board of Directors, Louisiana Legislative Auditor, federal, state and other awarding agencies, and others within the organization, and 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.

*Carriv & Schmidt, LLC.*

Metairie, Louisiana  
December 17, 2009

**LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended June 30, 2009**

AUDIT FINDINGS

There were no prior year or current year audit findings.

QUESTIONED COSTS

There were no questioned costs.

MANAGEMENT LETTER

A management letter was not issued for the year ended June 30, 2009.