

**MEDICAL CENTER OF LOUISIANA FOUNDATION**

**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED**

**JUNE 30, 2011 AND 2010**

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 **NOV 30 2011**

**ERICKSEN KRENTEL & LAPORTE L.L.P.**

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BENJAMIN J. ERICKSEN - RETIRED  
J.V. LECLERE KRENTEL - RETIRED

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Medical Center of Louisiana Foundation (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits provide 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 Medical Center of Louisiana Foundation as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years 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 5, 2011, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

August 5, 2011



Certified Public Accountants

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 1,511,588	\$ 1,682,736
Cash held for agencies	373,099	348,338
Grants receivable	1,877	99,165
Other receivable	8,172	100
Prepaid expenses	4,000	1,500
Equipment, net of accumulated depreciation	<u>1,051</u>	<u>-</u>
 Total assets	 <u>\$ 1,899,787</u>	 <u>\$ 2,131,839</u>
 <b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 1,839	\$ 52,032
Funds held for agencies	<u>373,099</u>	<u>348,338</u>
 Total liabilities	 <u>374,938</u>	 <u>400,370</u>
 <b><u>NET ASSETS:</u></b>		
Unrestricted	1,346,699	1,533,626
Temporarily restricted	<u>178,150</u>	<u>197,843</u>
 Total net assets	 <u>1,524,849</u>	 <u>1,731,469</u>
 Total liabilities and net assets	 <u>\$ 1,899,787</u>	 <u>\$ 2,131,839</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUES, GAINS AND OTHER SUPPORT:</u></b>			
Contributions	\$ 15,972	\$ 250	\$ 16,222
Grant revenue	2,522	226,225	228,747
Registration income	38,686	-	38,686
Fund-raising income	69,920	-	69,920
Interest income	7,249	-	7,249
Other income	12,780	-	12,780
	<u>147,129</u>	<u>226,475</u>	<u>373,604</u>
Net assets released from restrictions	<u>246,180</u>	<u>(246,180)</u>	<u>-</u>
	<u>393,309</u>	<u>(19,705)</u>	<u>373,604</u>
<b><u>EXPENSES:</u></b>			
Program services	489,542	-	489,542
Supporting services:			
Fund-raising	21,087	-	21,087
Management and general	69,595	-	69,595
	<u>580,224</u>	<u>-</u>	<u>580,224</u>
Change in net assets	(186,915)	(19,705)	(206,620)
Net assets, beginning of year, as restated	<u>1,533,626</u>	<u>197,843</u>	<u>1,731,469</u>
Net assets, end of year	<u>\$ 1,346,711</u>	<u>\$ 178,138</u>	<u>\$ 1,524,849</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUES, GAINS AND OTHER SUPPORT:</u></b>			
Contributions	\$ 12,333	\$ 4,150	\$ 16,483
Grant revenue	-	677,010	677,010
Registration income	22,223	-	22,223
Fund-raising income	71,810	-	71,810
Interest income	293	-	293
Other income	5,183	-	5,183
	<u>111,842</u>	<u>681,160</u>	<u>793,002</u>
Total revenue			
Net assets released from restrictions	<u>831,847</u>	<u>(831,847)</u>	<u>-</u>
Total revenues, gains and other support	<u>943,689</u>	<u>(150,687)</u>	<u>793,002</u>
<b><u>EXPENSES:</u></b>			
Program services	1,096,108	-	1,096,108
Supporting services:			
Fund-raising	60,795	-	60,795
Management and general	70,891	-	70,891
	<u>1,227,794</u>	<u>-</u>	<u>1,227,794</u>
Total expenses			
Change in net assets	(284,105)	(150,687)	(434,792)
Net assets, beginning of year, as restated	<u>1,817,731</u>	<u>348,530</u>	<u>2,166,261</u>
Net assets, end of year	<u>\$ 1,533,626</u>	<u>\$ 197,843</u>	<u>\$ 1,731,469</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ (206,620)	\$ (434,792)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Depreciation	91	-
(Increase) decrease in:		
Employee receivable	-	3,500
Grants receivable	97,288	(99,165)
Other receivable	(8,072)	(100)
Prepaid expenses	(2,500)	3,500
Increase (decrease) in:		
Accounts payable	<u>(50,193)</u>	<u>(83,424)</u>
Net cash (used in) operating activities	<u>(170,006)</u>	<u>(610,481)</u>
<b><u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u></b>		
Acquisition of computer equipment	<u>(1,142)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(1,142)</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	(171,148)	(610,481)
Cash and cash equivalents, beginning of year	<u>1,682,736</u>	<u>2,293,217</u>
Cash and cash equivalents, end of year	<u>\$ 1,511,588</u>	<u>\$ 1,682,736</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services	Supporting Services		Total
		Fund-raising	Management and General	
Gifts and awards	\$ 186,666	\$ -	\$ -	\$ 186,666
Books expense	15,274	-	-	15,274
Contract labor	1,149	-	-	1,149
Depreciaton	-	-	91	91
Dues and subscriptions	228	-	-	228
Event expenses	-	21,087	-	21,087
Insurance	-	-	2,380	2,380
Meals	13,614	-	1,820	15,434
Medical supplies	5,643	-	-	5,643
Miscellaneous expense	11,133	-	496	11,629
Office expenses	5,239	-	496	5,735
Postage	870	-	5	875
Professional fees	211,234	-	12,460	223,694
Rent	5,408	-	-	5,408
Training and seminars	20,041	-	988	21,029
Travel	9,884	-	-	9,884
Utilities	3,039	-	-	3,039
Wages and related expenses	120	-	50,859	50,979
<b>Total expenses</b>	<b>\$ 489,542</b>	<b>\$ 21,087</b>	<b>\$ 69,595</b>	<b>\$ 580,224</b>

**See accompanying NOTES TO FINANCIAL STATEMENTS**

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services	Supporting Services		Total
		Fund-raising	Management and General	
Gifts and awards	\$ 112,341	\$ -	\$ 13	\$ 112,354
Books expense	16,051	-	-	16,051
Contract labor	-	-	-	-
Depreciation	-	-	-	-
Dues and subscriptions	40,228	-	216	40,444
Event expenses	-	60,795	-	60,795
Insurance	-	-	2,690	2,690
Meals	7,485	-	3,473	10,958
Medical supplies	223,755	-	-	223,755
Miscellaneous expense	837	-	1,719	2,556
Office expenses	1,814	-	637	2,451
Postage	878	-	-	878
Professional fees	637,629	-	23,916	661,545
Rent	4,888	-	-	4,888
Training and seminars	37,754	-	799	38,553
Travel	8,712	-	-	8,712
Utilities	2,660	-	-	2,660
Wages and related expenses	1,076	-	37,428	38,504
<b>Total expenses</b>	<b>\$ 1,096,108</b>	<b>\$ 60,795</b>	<b>\$ 70,891</b>	<b>\$ 1,227,794</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

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

**Nature of Operations**

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

**Basis of Accounting**

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

**Financial Statement Presentation**

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

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

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

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

**Equipment**

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

**MEDICAL CENTER OF LOUISIANA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

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

**Depreciation**

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

Computer equipment	3-5 years
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Depreciation expense for the years ended June 30, 2011 and 2010 were \$91 and \$0, respectively.

**Restricted and Unrestricted Revenue**

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

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundations considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2011 and 2010, cash equivalents consisted of short term United States Government securities.

**Contributed Services**

During the years ended June 30, 2011 and 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**Concentration of Credit Risk**

The Foundation maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits. The FDIC's temporary transaction account guarantee program provides depositors with unlimited coverage for non-interest bearing checking accounts through December 31, 2012. At June 30, 2011 and 2010, the Foundation had no uninsured cash.

**MEDICAL CENTER OF LOUISIANA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

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

**Tax Status**

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

The Foundation adopted FASB Interpretation No. 48 (FASB ASC 740-10-et al), *Accounting for Uncertainty in Income Taxes* on July 1, 2009. FASB ASC 740-10-et al prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FASB ASC 740-10-et al requires the affirmative evaluation that is more likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. FASB ASC 740-10-et al also requires the Foundation to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The Foundation's evaluation as of June 30, 2011 revealed no tax positions that would have a material impact on the financial statements. The 2009 through 2011 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**Functional Expenses**

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

**Use of Estimates**

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

**MEDICAL CENTER OF LOUISIANA FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

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

**Subsequent Events**

Subsequent events have been evaluated through August 5, 2011, which is the date the financial statements were available to be issued.

**Concentration of Grants**

Approximately 49% and 80%, respectively, of the Foundation's funding is provided from the Robert Wood Johnson grant as of June 30, 2011 and 2010.

**(2) FUNDS HELD FOR AGENCIES**

At June 30, 2011 and 2010, the Foundation held \$373,099 and \$348,338, of funds for the Trauma department and for the Charity Hospital Medical Staff. The financial effects of transactions related to agency funds are recorded as changes in funds held for agencies and are not included in the statements of activities. The changes in the funds held for agencies are summarized as follows:

	<u>2011</u>	<u>2010</u>
Agency funds received	\$ 52,334	\$ 70,044
Distributions to agencies	<u>(27,573)</u>	<u>(43,599)</u>
Change in balance	24,761	26,445
Beginning balance	<u>348,338</u>	<u>321,893</u>
Ending balance	<u>\$ 373,099</u>	<u>\$ 348,338</u>

**(3) RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets at June 30, 2011 and 2010 include:

	<u>2011</u>	<u>2010</u>
Robert Wood Johnson Grant	\$ -	\$ 1,167
Reach Out and Read	91,600	101,806
Patient Education Units	<u>86,550</u>	<u>94,870</u>
Total temporarily restricted net assets	<u>\$ 178,150</u>	<u>\$ 197,843</u>

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**(4) RELATED PARTY TRANSACTIONS**

The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, an affiliate, provides office space to the Foundation. Rent expense for the year ended June 30, 2011 and 2010 was \$608 and \$988, respectively.

**(5) THEFT LOSS**

During the years ended June 30, 2008 and 2009, a theft occurred resulting in a loss to the Foundation of \$219,556. The Foundation hired forensic accountants and legal experts to reclaim these losses and has provided the FBI with documentation to seek federal prosecution. The Foundation has been reimbursed \$67,246 of these funds. As of the report date, the Foundation has an outstanding receivable balance of \$152,310 that the Foundation is attempting to collect from the statutory employee and from the companies, organizations, and individuals that improperly received the funds but has recorded an allowance for possible losses of \$152,310 in case the funds cannot be recovered.

On March 24, 2011, the statutory employee was sentenced in a federal court to 24 months in prison; the accomplice was sentenced to 18 months in prison to be followed by six months of home confinement. Both defendants were ordered to serve three years supervised release following imprisonment during which time they will be under federal supervision and risk additional imprisonment should the terms of the supervision be violated. In addition, both defendants were ordered to pay restitution to the Foundation in the amount of \$256,240.

The Foundation has implemented strict management policies and procedures to safeguard against similar incidents.

**(6) PRIOR PERIOD ADJUSTMENT**

During the year, it was determined that \$43,751 of unrestricted net assets should have been restricted for the Reach Out and Read Program in the prior year. Beginning net assets on the statements of financial position and activities for the year ended June 30, 2010 have been restated. There was no net effect as a result for this restatement.

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

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

We have audited the financial statements of the Medical Center of Louisiana Foundation (the Foundation) (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated August 5, 2011. 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 Foundation'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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

To the Board of Trustees of  
Medical Center of Louisiana Foundation  
August 5, 2011  
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 for the information and use at the Board of Trustees, management of the Foundation, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

August 5, 2011

*Erickson, Krentel & LaPorte LLP*

Certified Public Accountants

**MEDICAL CENTER OF LOUISIANA FOUNDATION**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

We have audited the financial statements of Medical Center of Louisiana Foundation as of and for the year ended June 30, 2011, and have issued our report thereon dated August 5, 2011. 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. Our audit of the financial statements as of June 30, 2011 resulted in an unqualified opinion.

**SECTION I SUMMARY OF AUDITORS' REPORTS**

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses \_\_\_ Yes  X  No

Significant Deficiencies \_\_\_ Yes  X  No

Compliance

Non-Compliance Material to Financial Statements \_\_\_ Yes  X  No

**SECTION II FINANCIAL STATEMENT FINDINGS**

NONE

**MEDICAL CENTER OF LOUISIANA FOUNDATION  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION II FINANCIAL STATEMENT FINDINGS**

None