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**BIOETHICAL RESEARCH FOUNDATION OF  
NORTHEAST LOUISIANA**

Financial Statements

December 31, 1995

(With Independent Auditors' Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, sent to 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 7-31-96

BIO MEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

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# KPMG Peat Marwick LLP

2000 Commercial National Tower  
200 North Street  
Newport, LA 70058-2882

## Independent Auditor's Report

The Board of Directors  
Biomedical Research Foundation of Northwest Louisiana

We have audited the accompanying statements of financial position of the Biomedical Research Foundation of Northwest Louisiana as of December 31, 1995, and the related statements of financial activities and cash flows for the year 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 audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 the Biomedical Research Foundation of Northwest Louisiana as of December 31, 1995, and its changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in notes 1 and 14 of the financial statements, the Foundation adopted the provisions of Statements of Financial Accounting Standards Nos. 116, *Accounting for Contributions Received and Contributions Made*, and 117, *Financial Statements of Not-for-Profit Organizations*, in 1995.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 1996, on our consideration of the Biomedical Research Foundation of Northwest Louisiana's internal control structure and a report dated April 30, 1996, on its compliance with laws and regulations.

*KPMG Peat Marwick LLP*

April 30, 1996

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Statement of Financial Position

December 31, 1995  
with comparative figures for 1994

| <i>Assets</i>                           | 1995                        | 1994                     |
|---|-----------------------------|--------------------------|
| Cash and cash equivalents               | \$ 4,380,841                | 3,853,766                |
| Receivables:                            |                             |                          |
| Dents                                   | 144,734                     | 385,090                  |
| Cade Parish Commission                  | 698,443                     | 1,235,514                |
| Pledges                                 | 83,343                      | 193,668                  |
| Accrued interest                        | 28,973                      | 52,423                   |
| Other                                   | 90,684                      | 31,982                   |
| Prepaid expenses and other              | 19,080                      | 20,833                   |
| Plant assets, net                       | 34,322,884                  | 34,328,496               |
| Long-term investments                   | <u>2,345,738</u>            | <u>2,342,285</u>         |
| <b>Total assets</b>                     | <b>\$ <u>43,113,281</u></b> | <b><u>43,434,817</u></b> |
| <b>Liabilities and Net Assets</b>       |                             |                          |
| <b>Liabilities:</b>                     |                             |                          |
| Accounts payable and accrued expenses   | \$ 395,251                  | 694,266                  |
| Advanced payments - Prostheses          |                             |                          |
| Emission Tomography (PET)               | <u>225,000</u>              | <u>225,000</u>           |
| <b>Total liabilities</b>                | <b><u>620,251</u></b>       | <b><u>919,266</u></b>    |
| <b>Net assets:</b>                      |                             |                          |
| Unrestricted net assets                 | 8,809,063                   | 8,689,613                |
| Temporarily restricted net assets       | 30,134,223                  | 30,471,669               |
| Permanently restricted net assets       | <u>2,345,738</u>            | <u>2,342,285</u>         |
| <b>Total net assets</b>                 | <b><u>41,289,024</u></b>    | <b><u>41,503,531</u></b> |
| <b>Total liabilities and net assets</b> | <b>\$ <u>43,113,281</u></b> | <b><u>43,434,817</u></b> |

See accompanying notes to financial statements.

**BIOLOGICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA**

**Statement of Financial Activity**

Year ended December 31, 1995  
with comparative totals for year ended December 31, 1994

| Support and Revenue   | Unclassified     | Temporarily Restricted | Permanently Restricted | Total             |                   |
|---|------------------|------------------------|------------------------|-------------------|-------------------|
|   |                  |                        |                        | 1995              | 1994              |
| <b>Support:</b>   |                  |                        |                        |                   |                   |
| Individuals   | \$ 71,883        | —                      | 3,453                  | 75,336            | 1,082,028         |
| Business and industry   | —                | —                      | —                      | —                 | 21,715            |
| Foundations and trusts  | 84,686           | —                      | —                      | 84,686            | 71,728            |
| Miscellaneous   | 8,473            | —                      | —                      | 8,473             | 34,852            |
| Grants and allocations  | —                | —                      | —                      | —                 | 3,484             |
|   | <u>164,042</u>   | <u>—</u>               | <u>3,453</u>           | <u>167,495</u>    | <u>1,213,807</u>  |
| <b>Revenues:</b>  |                  |                        |                        |                   |                   |
| Rental income   | 3,618,366        | —                      | —                      | 3,618,366         | 3,409,279         |
| Governmental sporting grants                                    | 1,979,134        | —                      | —                      | 1,979,134         | 1,218,274         |
| Grants and allocations  | 62,514           | 994,659                | —                      | 1,057,173         | 3,890,871         |
| Sales tax refund  | —                | 484,153                | —                      | 484,153           | —                 |
| Investment income   | 184,315          | 148,194                | —                      | 332,509           | 343,831           |
| Business revenue (miscellaneous) (BRT)                          | 85,122           | —                      | —                      | 85,122            | —                 |
| Other income  | 3,318            | 8,328                  | —                      | 11,646            | 2,820             |
|   | <u>4,932,772</u> | <u>1,630,374</u>       | <u>—</u>               | <u>6,563,146</u>  | <u>7,765,805</u>  |
| <b>Total support and revenue</b>                                | <b>3,096,814</b> | <b>1,630,374</b>       | <b>3,453</b>           | <b>4,730,641</b>  | <b>9,079,612</b>  |
| <b>Reclassifications:</b>                                       |                  |                        |                        |                   |                   |
| Net assets reclassified from restrictions<br>for operations     | 881,483          | (881,483)              | —                      | —                 | —                 |
| Net assets reclassified from restrictions<br>for operations     | (1,081,602)      | (1,081,602)            | —                      | —                 | —                 |
| Total support, revenues<br>and reclassifications                | <u>2,896,695</u> | <u>(332,711)</u>       | <u>3,453</u>           | <u>2,667,437</u>  | <u>9,079,612</u>  |
| <b>Expenses:</b>  |                  |                        |                        |                   |                   |
| <b>Program services:</b>  |                  |                        |                        |                   |                   |
| Scientific research initiatives:                                |                  |                        |                        |                   |                   |
| Sponsoring research and support<br>for scientific investigators | 606,687          | —                      | —                      | 606,687           | 837,886           |
| Landed research facilities                                      | 1,717,387        | —                      | —                      | 1,717,387         | 1,279,689         |
| Economic development initiatives:                               |                  |                        |                        |                   |                   |
| Loans to RCOP   | 1,489,800        | —                      | —                      | 1,489,800         | 411,811           |
| Research & technology park                                      | 1,845,281        | —                      | —                      | 1,845,281         | 419,281           |
| Business revenue (miscellaneous) (BRT)                          | 1,845,281        | —                      | —                      | 1,845,281         | 315,546           |
| <b>Support services:</b>  |                  |                        |                        |                   |                   |
| Management and general  | 788,769          | —                      | —                      | 788,769           | 380,821           |
| Funding   | 118,964          | —                      | —                      | 118,964           | 127,885           |
| Total expenses  | <u>4,056,801</u> | <u>—</u>               | <u>—</u>               | <u>4,056,801</u>  | <u>1,743,132</u>  |
| <b>Change in net assets</b>                                     | <b>119,894</b>   | <b>(202,417)</b>       | <b>3,453</b>           | <b>(71,110)</b>   | <b>4,576,529</b>  |
| <b>Net assets, beginning of year (as amended)</b>               | <b>8,689,612</b> | <b>28,416,611</b>      | <b>2,342,282</b>       | <b>35,448,505</b> | <b>36,322,622</b> |
| <b>Net assets, end of year</b>                                  | <b>8,809,506</b> | <b>28,114,194</b>      | <b>2,345,735</b>       | <b>31,269,435</b> | <b>40,899,151</b> |

See accompanying notes to financial statements.

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Statement of Cash Flows

Year ended December 31, 1995  
with comparative data for 1994

|   | 1995                | 1994               |
|---|---------------------|--------------------|
| Cash flows from operating activities:   |                     |                    |
| Change in net assets  | \$ (314,521)        | 4,036,529          |
| Adjustments to reconcile change in net assets<br>to net cash provided by operations:                                  |                     |                    |
| Depreciation  | 1,588,610           | 1,108,270          |
| Amortization of premium on investment   | 2,434               | —                  |
| Decrease in receivables   | 823,740             | 693,518            |
| Decrease in prepaid expenses and other  | 1,822               | 284                |
| Increase in advanced PFT payments   | —                   | 25,000             |
| Decrease in accounts payable and accrued expenses   | 197,015             | (2,529,451)        |
| Contributions restricted for long-term investment   | 65,853              | 179                |
| Net cash provided by operating activities   | <u>2,111,809</u>    | <u>4,323,897</u>   |
| Cash flows from investing activities:   |                     |                    |
| Purchases of investments  | (347,936)           | (841,938)          |
| Maturities of investments   | 558,000             | 500,000            |
| Net (increase) decrease in cash and cash equivalents<br>restricted for long-term purposes                             | (209,000)           | 325,851            |
| Purchase of plant assets  | <u>(1,382,118)</u>  | <u>(3,489,163)</u> |
| Net cash used by investing<br>activities  | <u>(1,389,042)</u>  | <u>(3,285,240)</u> |
| Net cash provided by financing activities -<br>Proceeds from contributions restricted for<br>investment in endowments | <u>3,453</u>        | <u>73</u>          |
| Net increase in cash and cash equivalents   | 727,019             | 1,019,952          |
| Cash and cash equivalents, beginning of year  | <u>2,855,786</u>    | <u>2,633,814</u>   |
| Cash and cash equivalents, end of year  | \$ <u>3,582,805</u> | <u>3,653,766</u>   |

See accompanying notes to financial statements.

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

December 31, 1995 and 1994

(B) Summary of Activities and Accounting Policies

The Biomedical Research Foundation of Northwest Louisiana (the "Foundation") is a publicly supported not-for-profit organization engaged in expanding the scientific capacity of Louisiana State University Medical Center in Shreveport, developing existing scientific resources through interaction with industry, increasing economic development of Northwest Louisiana, and providing a neutral forum to enhance health care on a regional basis. It administers gifts and grants received from private and governmental sources. The significant accounting policies followed are described below:

**Basis of Financial Statements** — The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for not-for-profit organizations. In 1995, the Foundation adopted Statements of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, (SFAS No. 116) and Statement of Financial Accounting Standards No. 117, *Financial Statements for Not-for-Profit Organizations*, (SFAS No. 117).

Under these provisions, net assets and revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**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 either by actions of the Foundation or the passage of time.

**Permanently restricted net assets** — Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or, in part or, the income earned on the related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as reclassification between the applicable classes of net assets. A policy footnote follows on the Foundation's method of reporting temporarily restricted net assets.

(Continued)

## BIO MEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

### Notes to Combined Financial Statements

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity.

Income and realized net gains on investments of endowment and similar funds are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income;
- increases in unrestricted net assets in all other cases.

**Indirect Costs** — Recovery of indirect costs relating to government-sponsored grants is recognized by the Foundation as revenue in Grants and Contracts. Indirect costs are recovered at authorized rates in effect.

**Tax Status** — The Biomedical Research Foundation of Northwest Louisiana is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Cash and Cash Equivalents** — For purposes of financial presentation, the Foundation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Also included in cash and cash equivalents are mutual fund investments which are carried at cost which approximates market value.

**Long-Term Investments** — Long-term investments consist of investments in U.S. Treasury notes and cash and cash equivalents that are restricted for long-term purposes (primarily permanently restricted or endowment funds). The investments in U.S. Treasury notes and other similar type securities are valued at cost or amortized cost, if purchased, or at market value at date received as a gift. Since the intent of the Foundation is to hold the investments to maturity, no unrealized losses or gains have been recorded.

**Receivable from Caddo Parish Commission (CPC)** — On April 3, 1993, an election was held by the CPC to levy a special tax of two mills on all property subject to taxation for five years beginning with the year 1993 and ending with the year 1997 for the purpose of economic development through the Biomedical Research Foundation. This proposition was approved and receipts of funds by the Foundation is subject to the Commission's approval of budgets submitted by the Foundation. The accompanying financial statements reflect revenue of \$1,979,235 and \$1,935,374 for 1995 and 1994, respectively, for amounts the Foundation has applied for and the CPC has approved (see also note 10).

(Continued)



## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

**Plant Assets and Construction-in-Progress** — Land, building, furniture, and equipment are stated at cost. Costs of maintenance and repairs are charged to expense when incurred; costs of renewals and betterments are capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

**Advanced Positron Emission Tomography Payments** — The Foundation entered into an agreement with Wells Knighton Medical Center and Schumpert Medical Center whereby the Foundation would receive funding from each hospital to be used for the Positron Emission Tomography Center (PET). The revenue will be recognized upon the incurrence of expense by the Foundation in serving patients referred by the hospitals. As of December 31, 1995 and 1994, all amounts received are deferred.

**Temporarily Restricted Net Assets** — The Foundation has adopted retroactively the provisions of SFAS No. 116 concerning release from restrictions on temporarily restricted net assets upon incurrence of an expense when both unrestricted and temporarily restricted net assets are available for that purpose.

Certain restrictions exist relating to the use of the building for a stated time period. These restrictions expire over a ten year period ending January 18, 2004. Amounts required for depreciation expense will be released from restrictions each year with the remaining amount being released at the end of the ten year period.

**Comparative Total Data** — Comparative total data for the prior year have been presented in the accompanying statements of financial activity to provide an understanding of changes in the Foundation's financial activity. However, comparative data (i.e., presentation by net asset class) have not been presented in the statement of financial activity, since their inclusion would make the statement unduly complex and difficult to read. Certain amounts relating to 1994 have been reclassified in the accompanying combined financial statements to conform with the 1995 presentation.

**Use of Estimates** — Management of the Foundation has made a number of estimates and assumptions relating to the assets and liabilities and the disclosure of contingent asset and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

(2) **Description of Organization**

The Foundation carries out its mission through the following programs:

**Scientific Research Initiatives:**

**Sponsored Research** - represents resources expended in support of research projects. These expenditures support research projects conducted by the Foundation's own personnel, other scientists, or in collaboration with other organizations/institutions. One floor of the Biomedical Research Institute is reserved for these projects and for scientific incubator facilities.

**Support for Scientific Investigators** - represents donations and restricted grant funds designated by the donor/grantor for the support of specific scientific research or educational programs and expended as directed by an individual scientific investigator or department.

(Continued)

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

**Leased Research Facilities** - relates to the ten story Biomedical Research Institute building containing seven laboratory floors which are leased to the Louisiana State University Medical School. Related operating expenses include utilities, equipment and maintenance.

**Economic Development Initiatives** - includes the development of future projects planned to benefit the scientific and technological communities. These include the development of a technology and research park, an incubator facility, and the ICIN project which is described further in note 10.

**Pharmaceutical Technology Imaging Center** - provides diagnostic imaging services with its own radiopharmaceutical production facility.

**Management and General** - includes those functions necessary to maintain an equitable employment program, ensure adequate working environment, provide coordination and administration of the Foundation's program strategy, provide administrative support to the Board of Directors and program services, maintain legal services, and manage the financial and budgetary responsibilities of the Foundation and agency funds.

**Fund Raising** - activities are directed toward encouraging and securing philanthropic support, as opposed to program services revenues, from individuals, foundations, and businesses.

33) **Receivables - Pledges Receivable**

Contributions receivable, net, are summarized as follows at December 31, 1995:

|  |                  |
|--|------------------|
| Unconditional contributions expected to be collected in: |                  |
| Less than one year                                       | \$ 77,580        |
| One year to five years                                   | 5,150            |
|  | <u>\$ 82,730</u> |

Most contributions receivable are due within less than one year, for which their net realizable value is a reasonable estimate of their fair value.

44) **Investments - U.S. Treasury Notes**

The carrying value and market value of investments at December 31, 1995, are as follows:

|                     | Carrying<br>Value | Market<br>Value |
|---------------------|-------------------|-----------------|
| U.S. Treasury notes | \$ 1,448,875      | 1,487,110       |

(Continued)

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

The following tabulation summarizes the relationship between carrying and market values of long-term investments:

|                              | Carrying<br>Value   | Market<br>Value  | Excess (Deficiency)<br>of Market Over<br>Carrying Value |
|------------------------------|---------------------|------------------|---|
| Balance at end of year       | \$ <u>1,444,475</u> | <u>1,487,102</u> | 42,627  |
| Balance at beginning of year | \$ <u>1,648,885</u> | <u>1,615,351</u> | (33,534)  |
| Net change for the year      |                     |                  | \$ <u>76,459</u>  |

In addition to U.S. Treasury notes, at December 31, 1995 and 1994, \$900,305 and \$895,709, respectively, of cash and cash equivalents are included in long-term investments in the accompanying financial statements.

**(5) Plant Assets**

The composition of plant assets at December 31, 1995, is as follows:

| Asset                         | Depreciable Life | Balance              |
|-------------------------------|------------------|----------------------|
| Buildings and improvements    | 40 years         | \$ 26,845,118        |
| Furniture and equipment       | 5-30 years       | 8,676,749            |
| Construction in progress      |                  | <u>1,548,289</u>     |
|                               |                  | 37,070,156           |
| Less accumulated depreciation |                  | <u>2,748,120</u>     |
| Plant assets, net             |                  | \$ <u>34,322,036</u> |

In addition to \$1,636,000 of administrative costs capitalized as of December 31, 1994, the Foundation capitalized an additional \$218,000 during 1995 as administrative costs incurred during the construction period to make the building and related equipment ready for occupation. These amounts are included in buildings and improvements.

**(6) Net Assets Released**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

|  |                   |
|--|-------------------|
| Purpose restrictions accomplished -<br>Services for salaries for investigators' expenses | \$ 332,916        |
| Plant and equipment acquired and placed in service                                       | <u>426,585</u>    |
| Total net assets released  | \$ <u>759,501</u> |

(Continued)

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

(7) **Retirement Benefit Plan**

Retirement benefits are provided for substantially all employees through a defined contribution plan which is underwritten by the American Chamber of Commerce Insurance. The retirement benefits are based on the actual value of the employees' account balances at the time of retirement. Employees must be twenty-two years of age and must have completed one year of service before they become eligible to participate. Employees attain a 20% vested interest in the plan after two years of employment increasing to 40%, 60%, 80%, and 100% over the following four years of employment. Contributions to the plan are based on the participants' salaries. The employer's contribution was \$66,132 and \$33,370 for 1995 and 1994, respectively.

The Foundation also implemented a 401(k) annuity plan in 1994. No employee contributions are required for this plan.

(8) **Grant to Build Research Facility**

The Foundation is the recipient agent for a \$28,287,500 federal grant and an \$8,750,000 state grant to build the Biomedical Research Institute. The Institute houses and conducts major specialized research and programs for cardiovascular disease, molecular biology, and neurobiology. These funds have been used for design and construction and equipment acquisition.

The federal and state funds are received on a cost reimbursement basis. Revenues with respect to the assets is recognized to the extent of expenses incurred under the award terms.

Following is an analysis of funds to be received under the grant as of December 31, 1995:

|   | Cumulative<br>Grant Awards | Cumulative<br>Costs<br>Incurred | Unexpended<br>Funds on<br>Grant |
|---|----------------------------|---------------------------------|---------------------------------|
| Federal Granting Agency -<br>Department of Energy | \$ 28,287,500              | 28,285,445                      | 4,057                           |
| State of Louisiana                                | <u>8,750,000</u>           | <u>7,540,676</u>                | <u>1,209,324</u>                |
|   | \$ <u>37,037,500</u>       | <u>35,826,121</u>               | <u>1,213,381</u>                |

At December 31, 1995, the Foundation had incurred expenses in the amount of \$144,234 in connection with the construction of the facility for which it had not been reimbursed by the State of Louisiana.

(Continued)

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

During 1993, the Foundation requested and received a refund of \$404,553 for sales taxes paid in connection with the construction of the facility under the Enterprise Zone program. The Enterprise Zone program allows for recovery of sales taxes paid by entities that have located within officially designated Enterprise Zones which are urban or rural areas of high unemployment, low income, and/or where a large number of residents are receiving some form of public assistance. These funds were considered temporarily restricted and have been used for a purpose consistent with the original use of the funds.

**(9) Rental Income**

In 1994, the Foundation entered into an cooperative endeavor agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. This agreement sets forth in part the terms of the lease of seven of the ten floors of the Foundation's building to the University. This agreement states that the University will pay the Foundation a sum of \$2,628,304 annually (payable in monthly installments of \$218,025.33) for a three year term from February 1, 1994, to January 31, 1997. The agreement has four additional months of three years each.

**(10) Program Services - ICCON Loan**

The Foundation plans to develop, own, operate and manage a science, research, and technology park. To secure an anchor tenant for the Foundation's park, the Foundation provided \$100,000 to ICCON Industrial Controls Corporation ("ICCON") during April through July, 1994. ICCON has an agreement with the U.S. Department of Energy for the development of "an open architecture software-based pc monitor controller operating environment." The Foundation entered into an agreement with ICCON on September 7, 1994, in which the Foundation agreed to lend to ICCON an additional amount, not to exceed \$2,000,000, over a thirty month period in equal monthly installments of \$66,667. Interest is to be charged on the amount loaned at the local prime plus one-half percent. The Foundation may elect not to lend additional funds to ICCON by giving ICCON sixty days' written notice of its intent to discontinue lending. Beginning no later than forty-two months after September 7, 1994, ICCON will begin to repay the Foundation the initial \$100,000 plus any additional monies loaned and related accrued interest. This will be amortized over a seven and a half year period at an interest rate of local prime plus one-half percent.

The Foundation also agreed to loan to ICCON additional funds, which totaled \$145,000 during 1995, sufficient for the Foundation to: (a) acquire a facility with sufficient space to accommodate ICCON's business headquarters, ICCON's business operations, and the science research facility; (b) improve the interior facility to reasonably accommodate the needs of ICCON; and (c) pay the reasonable operating expenses of the interior facility, defined as utilities, building property damage insurance, building supplies, maintenance, repairs, security, and other expenses as agreed to by the Foundation.

The Caddo Parish Commission has approved the funding of this loan from the property tax millage as described in note 1. Revenue for this loan has been recognized from this funding source during 1995 and 1994 of \$1,489,902 and \$451,611, respectively. The balance of the loan to ICCON totaled \$1,941,513 and \$451,611 at December 31, 1995 and 1994, respectively. The loan to ICCON has been recorded as an expense, rather than an asset, because ICCON is a development stage enterprise and collectibility is uncertain.

(Continued)

## BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

## (11) Contingencies

The Foundation receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts incurred under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Foundation has employment agreements with three key employees. Two of these agreements provide for the continuation of salary for one year if the employees are terminated without cause. The third employee has a three-year contract; therefore, in the event that this employee is terminated without cause, then the Foundation would be liable for his salary for the remaining time period in the contract.

## (12) Net Assets

Unrestricted net assets consist of the following at December 31, 1995:

|                                   |                     |
|-----------------------------------|---------------------|
| For current operations            | \$ 1,323,548        |
| Investment in plant and equipment | <u>6,885,513</u>    |
|                                   | \$ <u>8,209,061</u> |

Temporarily restricted net assets at December 31, 1995, are available for the following purposes:

|  |                      |
|--|----------------------|
| Designated for specific operating purposes | \$ 1,631,070         |
| Endowment funds                            | 1,066,670            |
| Investment in plant and equipment          | <u>27,856,453</u>    |
|  | \$ <u>30,554,293</u> |

Permanently restricted net assets at December 31, 1995 consist of endowment funds comprised of the following:

|                            |                     |
|----------------------------|---------------------|
| Designated purpose funds   | \$ 644,815          |
| Undesignated purpose funds | <u>1,668,503</u>    |
|                            | \$ <u>2,313,318</u> |

## (13) Fair Values of Financial Instruments

The carrying value of cash and cash equivalents, investments, receivables, accounts payable and accrued expenses, and advance payments approximates fair value because of the short maturity of these financial instruments.

(Continued)

## BIO-MEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

## Notes to Combined Financial Statements

(14) **Restatement and Reclassification of Prior Year Amounts**

The following provides the SFAS No. 116 and SFAS No. 117 restatement and reclassifications of the previously reported December 31, 1994 balances:

| As previously classified  | Unrestricted net assets | Temporarily restricted net assets | Permanently restricted net assets |
|---------------------------|-------------------------|-----------------------------------|-----------------------------------|
| Deferred revenues         | \$ 175,000              | 1,531,776                         | 18,663                            |
| Unexpended plant fund     | 357,148                 | —                                 | —                                 |
| Expanded plant fund       | 6,588,619               | 27,939,877                        | —                                 |
| Endowment fund            | —                       | 1,000,000                         | 2,323,629                         |
| Current unrestricted fund | <u>1,388,846</u>        | <u>—</u>                          | <u>—</u>                          |
|                           | \$ <u>8,689,613</u>     | <u>30,471,653</u>                 | <u>2,342,292</u>                  |

Similarly, the net assets as of the beginning of 1994 presented in the comparative totals included in the accompanying statement of changes in net assets have been restated as follows:

|                                       |                  |
|---------------------------------------|------------------|
| Previously reported fund balances     | \$ 34,703,699    |
| Reclassification of deferred revenues | <u>1,819,283</u> |
| Net assets as restated                | \$ 36,522,982    |

In addition to the changes described above, the change in net assets was increased by \$118,000 for 1995 and decreased by \$84,000 for 1994, primarily resulting from the timing of recognition of deferred support and revenue.

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 08-11-2011 BY 60322 UCBAW/STP

**BIOLOGICAL RESEARCH FOUNDATION  
OF NORTHWEST LOUISIANA**

**Schedule of Federal Awards  
(Single Audit)**

**December 31, 1995**

**(With Independent Auditor Report Thereon)**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the public, or reviewed, orally 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 \_\_\_\_\_



HOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

Supplementary Schedule of Federal Awards  
(Single Audit)

Year ended December 31, 1995

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# KPMG Peat Marwick LLP

1000 Commercial National Tower  
300 Texas Street  
Greenville, LA 71601-2802

## Independent Auditor's Report on Supplementary Information - Schedule of Federal Awards

The Board of Directors  
Biomedical Research Foundation of Northwest Louisiana

We have audited the financial statements of the Biomedical Research Foundation of Northwest Louisiana (the "Foundation") as of and for the year ended December 31, 1995, and have issued our report thereon dated April 30, 1996. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 combined 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the Biomedical Research Foundation of Northwest Louisiana taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*KPMG Peat Marwick LLP*

April 30, 1996

HEMORRHOID RELATIONS OF FOUR TOWNS OF UGANDA

Institute of Public Health

Year ended December 31, 1958

| Case File     | Period of Study - Dates of Onset | Period of Study - Months | Class | Number of Cases | Number of Deaths | Number of Hospitalizations | Number of Days in Hospital |
|---------------|----------------------------------|--------------------------|-------|-----------------|------------------|----------------------------|----------------------------|
| Male - 1958   | 1958                             | 1958                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1958 | 1958                             | 1958                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1959   | 1959                             | 1959                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1959 | 1959                             | 1959                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1960   | 1960                             | 1960                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1960 | 1960                             | 1960                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1961   | 1961                             | 1961                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1961 | 1961                             | 1961                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1962   | 1962                             | 1962                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1962 | 1962                             | 1962                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1963   | 1963                             | 1963                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1963 | 1963                             | 1963                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1964   | 1964                             | 1964                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1964 | 1964                             | 1964                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1965   | 1965                             | 1965                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1965 | 1965                             | 1965                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1966   | 1966                             | 1966                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1966 | 1966                             | 1966                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1967   | 1967                             | 1967                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1967 | 1967                             | 1967                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1968   | 1968                             | 1968                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1968 | 1968                             | 1968                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1969   | 1969                             | 1969                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1969 | 1969                             | 1969                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1970   | 1970                             | 1970                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1970 | 1970                             | 1970                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1971   | 1971                             | 1971                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1971 | 1971                             | 1971                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1972   | 1972                             | 1972                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1972 | 1972                             | 1972                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1973   | 1973                             | 1973                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1973 | 1973                             | 1973                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1974   | 1974                             | 1974                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1974 | 1974                             | 1974                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1975   | 1975                             | 1975                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1975 | 1975                             | 1975                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1976   | 1976                             | 1976                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1976 | 1976                             | 1976                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1977   | 1977                             | 1977                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1977 | 1977                             | 1977                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1978   | 1978                             | 1978                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1978 | 1978                             | 1978                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1979   | 1979                             | 1979                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1979 | 1979                             | 1979                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1980   | 1980                             | 1980                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1980 | 1980                             | 1980                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1981   | 1981                             | 1981                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1981 | 1981                             | 1981                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1982   | 1982                             | 1982                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1982 | 1982                             | 1982                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1983   | 1983                             | 1983                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1983 | 1983                             | 1983                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1984   | 1984                             | 1984                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1984 | 1984                             | 1984                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1985   | 1985                             | 1985                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1985 | 1985                             | 1985                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1986   | 1986                             | 1986                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1986 | 1986                             | 1986                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1987   | 1987                             | 1987                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1987 | 1987                             | 1987                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1988   | 1988                             | 1988                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1988 | 1988                             | 1988                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1989   | 1989                             | 1989                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1989 | 1989                             | 1989                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1990   | 1990                             | 1990                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1990 | 1990                             | 1990                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1991   | 1991                             | 1991                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1991 | 1991                             | 1991                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1992   | 1992                             | 1992                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1992 | 1992                             | 1992                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1993   | 1993                             | 1993                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1993 | 1993                             | 1993                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1994   | 1994                             | 1994                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1994 | 1994                             | 1994                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1995   | 1995                             | 1995                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1995 | 1995                             | 1995                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1996   | 1996                             | 1996                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1996 | 1996                             | 1996                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1997   | 1997                             | 1997                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1997 | 1997                             | 1997                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1998   | 1998                             | 1998                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1998 | 1998                             | 1998                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 1999   | 1999                             | 1999                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 1999 | 1999                             | 1999                     | 1     | 1               | 0                | 1                          | 1                          |
| Male - 2000   | 2000                             | 2000                     | 1     | 1               | 0                | 1                          | 1                          |
| Female - 2000 | 2000                             | 2000                     | 1     | 1               | 0                | 1                          | 1                          |

Note: Every case of hemorrhoids is reported to the Institute of Public Health, Kampala, Uganda. The Institute of Public Health, Kampala, Uganda, is a research institution which is engaged in the study of hemorrhoids in Uganda. The Institute of Public Health, Kampala, Uganda, is a research institution which is engaged in the study of hemorrhoids in Uganda.

All measurements are in centimeters unless otherwise specified.

BIOMEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

Notes to Schedule of Federal Awards

Year ended December 31, 1985

(1) **General**

The accompanying schedule of federal awards presents the activity of all federal awards of the Biomedical Research Foundation of Northwest Louisiana. The reporting entity is defined in note 1 to the Foundation's combined financial statements.

(2) **Basis of Accounting**

The accompanying schedule of federal awards is presented using the accrual basis of accounting, which is described in note 1 to the Foundation's combined financial statements.

(3) **Relationship to Combined Financial Statements**

Federal awards are reported in the Foundation's financial statements as revenue-grants and contracts in Temporarily Restricted Net Assets as follows:

|                |    |                |
|----------------|----|----------------|
| Federal awards | \$ | —              |
| State awards   |    | 654,041        |
| Other          |    | <u>340,020</u> |
|                | \$ | <u>994,061</u> |

(4) **Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Biomedical Research Foundation of Northwest Louisiana in a separate letter dated April 30, 1986.

This report is intended for the information of the Board of Directors and management of the Biomedical Research Foundation of Northwest Louisiana and the U.S. Department of Energy. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

April 30, 1986

# **KPMG** Peat Marwick LLP

1800 Commercial National Tower  
400 Texas Street  
Minneapolis, MN 55402-2890

## Independent Auditor's Report on Compliance with Laws, Regulations, Contracts, and Grants Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Board of Directors  
Biomedical Research Foundation of Northwest Louisiana

We have audited the financial statements of the Biomedical Research Foundation of Northwest Louisiana as of and for the year ended December 31, 1995, and have issued our report thereon dated April 30, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to the Biomedical Research Foundation of Northwest Louisiana is the responsibility of the Biomedical Research Foundation of Northwest Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Biomedical Research Foundation of Northwest Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the Board of Directors and management of the Biomedical Research Foundation of Northwest Louisiana and the U.S. Department of Energy. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

April 30, 1996

**Independent Auditor's Report on the Internal  
Control Structure Used in Administering Federal Awards**

The Board of Directors  
Biomedical Research Foundation of Northwest Louisiana

We have audited the financial statements of the Biomedical Research Foundation of Northwest Louisiana as of and for the year ended December 31, 1995, and have issued our report thereon dated April 30, 1996. We have also audited the Biomedical Research Foundation of Northwest Louisiana's compliance with requirements applicable to its major federal award program and have issued our report thereon dated April 30, 1996.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and about whether the Biomedical Research Foundation of Northwest Louisiana complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audits for the year ended December 31, 1995, we considered the Biomedical Research Foundation of Northwest Louisiana's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Biomedical Research Foundation of Northwest Louisiana's financial statements and on its compliance with requirements applicable to the major federal award program, and to report on the internal control structure in accordance with OMB Circular A-133. That report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated April 30, 1996.

The management of the Biomedical Research Foundation of Northwest Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of

the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal awards in the following categories:

**Accounting controls**

- Research/travel receipts
- Purchases/disbursements
- Payroll

**General regulations**

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable cost/expense principles
- Drug-free workplace
- Administrative requirements

**Specific requirements**

- Types of services allowed or unallowed
- Reporting
- Special tests and provisions

**Claims for advances and reimbursements**

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, the Biomedical Research Foundation of Northwest Louisiana expended 100.0% of its total federal awards under its major program.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the Biomedical Research Foundation of Northwest Louisiana's major program, which is identified in the accompanying schedule of federal awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal awards program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.



However, we noted matters involving the internal control structure and its operation that we have reported to the management of the Biomedical Research Foundation of Northwest Louisiana, in a separate letter dated April 30, 1996.

This report is intended for the information of the Board of Directors and management of the Biomedical Research Foundation of Northwest Louisiana and the U.S. Department of Energy. However, this report is a matter of public record and its distribution is not limited.

*HP 1996 Plant Materials, LLC*

April 30, 1996



This report is intended for the information of the Board of Directors and management of the Biomedical Research Foundation of Northwest Louisiana and the U.S. Department of Energy. However, this report is a matter of public record and its distribution is not limited.

*HP 106 Post Memorandum 2.67*

April 30, 1998

# **KPMG** Peat Marwick LLP

100 Commercial National Tower  
100 South Canal  
Metairie, LA 70002-1000

## Independent Auditor's Report on Compliance With General Requirements

The Board of Directors  
Biomedical Research Foundation of Northwest Louisiana:

We have audited the financial statements of the Biomedical Research Foundation of Northwest Louisiana as of and for the year ended December 31, 1995, and have issued our report thereon dated April 30, 1996.

We have applied procedures to test the Biomedical Research Foundation of Northwest Louisiana's compliance with the following requirements applicable to its major federal programs, which is identified in the accompanying schedule of federal awards, for the year ended December 31, 1995: political activity, civil rights, cash management, federal financial reports, allowable cost/allowable principals, drug-free workplace, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of Institutions of Higher Learning and Other Nonprofit Organizations*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Biomedical Research Foundation of Northwest Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items named, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not named, nothing came to our attention that caused us to believe that the Biomedical Research Foundation of Northwest Louisiana had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors and management of the Biomedical Research Foundation of Northwest Louisiana and the U.S. Department of Energy. However, this report is a matter of public record and its distribution is not limited.

*KPMG Peat Marwick LLP*

April 30, 1996

ECONOMICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA

Schedule of Findings and Questioned Costs  
(Single Audit)

Year-ended December 31, 1995

| Findings  | Questioned Costs |
|---|------------------|
| <b>Specific Compliance Requirements -</b>   |                  |
| The Foundation was late in filing its Federal Cash Transactions Reports, OMB Form 272, for the months January through November during 1995.                                       | \$ —             |
| The Foundation was late in filing its Federal Assistance Management Summary Report and its Federal Assistance Program/Project Status Report for the first three quarters of 1995. | —                |
| The Foundation was late in filing its annual Financial Status Report, OMB Form 189, for the year-ended December 31, 1995.   | —                |
| The Foundation does not have a formal travel policy.  | —                |

**BIO-MEDICAL RESEARCH FOUNDATION OF NORTHWEST LOUISIANA**

Follow-up on Prior Year Findings  
(Single Audit)

Year ended December 31, 1995

| Findings   | Questioned Costs |
|--|------------------|
| <b>Specific Compliance Requirements</b>  |                  |
| The Foundation was late in filing its Federal Cash Transactions Reports, OMB Form 272, for each month during 1994.   | \$ —             |
| The Foundation was late in filing its Federal Assistance Management Summary Report and its Federal Assistance Program/Project Status Report for all four quarters of 1994. | —                |
| The Foundation was late in filing its annual Financial Status Report, OMB Form 268, for the year ending December 31, 1994.   | —                |
| The Foundation does not have a formal travel policy.   | —                |
| The Foundation spent funds from the Department of Energy for a grand opening and open house.   | 71,780           |

**Follow-up -**

See current year finding.

See current year finding.

See current year finding.

See current year finding.

See management's response to this finding as follows:

These costs relate to a week long series of events that were designed to allow the general public to inspect the completed facility, learn what type of activity would take place in it and the scientific and economic development opportunities it brought to the community. Activities included tours, video presentations, etc. which would be meaningful to various target groups such as community leaders, educators and the general citizenry. Multiple presentations were made to ensure availability to all interested parties. This was discussed and verbally approved by Department of Energy representatives on several occasions prior to incurring such costs. Management feels they are allowable costs pursuant to OMB Circular A-132.