

**LOUISIANA PARTNERSHIP FOR TECHNOLOGY  
AND INNOVATION**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 1998 AND 1995**

	1998	1995
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Deficiency) excess of revenues over expenses	\$(473,500)	\$ 458,047
Adjustments to reconcile (deficiency) excess of revenues over expenses to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,872	4,512
Gain on sale of fixed assets	-	(2,878)
Loss on investments	197,838	42,268
Decrease (increase) in other current assets	4,853	(3,585)
Increase (decrease) in accrued vacation and other current liabilities	3,179	(518)
	<u>(186,440)</u>	<u>488,211</u>
Net cash (used in) provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of long-term investments	(83,850)	(73,990)
Proceeds from sale of long-term investments	-	40,800
Proceeds from sale of fixed assets	-	12,948
Purchase of fixed assets	<u>(2,480)</u>	<u>-</u>
	<u>(86,330)</u>	<u>(20,242)</u>
Net cash used in investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	-	(2,122)
	<u>-</u>	<u>(2,122)</u>
Net cash used in financing activities		
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(712,700)</b>	<b>405,143</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>485,116</u></b>	<b><u>15,904</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 112,608</u></b>	<b><u>\$ 485,116</u></b>

See notes to financial statements.

**LOUISIANA PARTNERSHIP FOR TECHNOLOGY  
AND INNOVATION**

**BALANCE SHEETS  
JUNE 30, 1998 AND 1999**

ASSETS	1998	1999
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 112,088	\$ 485,316
Other	<u>1,484</u>	<u>3,867</u>
<b>TOTAL CURRENT ASSETS</b>	134,602	499,183
<b>LONG-TERM INVESTMENTS</b>	250,478	344,600
<b>FIXED ASSETS - Net</b>	<u>4,379</u>	<u>4,758</u>
<b>TOTAL ASSETS</b>	<u>\$ 389,459</u>	<u>\$ 848,541</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 34,483	\$ 35,587
Other	<u>3,386</u>	<u>965</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>38,869</u>	<u>36,552</u>
<b>FUND BALANCE</b>	<u>325,338</u>	<u>811,124</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 364,207</u>	<u>\$ 847,676</u>

See notes to financial statements.

**LOUISIANA PARTNERSHIP FOR TECHNOLOGY  
AND INNOVATION**

**STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE  
YEARS ENDED JUNE 30, 1996 AND 1995**

	1996	1995
<b>REVENUES</b>		
Contributions and grants		\$ 707,580
Interest	\$ 908	31,993
Other	<u>1,878</u>	<u>31,838</u>
<b>TOTAL REVENUES</b>	<u>14,912</u>	<u>821,248</u>
<b>EXPENSES:</b>		
Salaries and benefits	240,687	236,804
Loss on investments	157,830	43,266
Consulting and professional services	18,983	18,961
Rent	30,903	17,915
Depreciation and amortization	2,072	4,515
Insurance	7,060	11,388
Other	<u>39,472</u>	<u>44,176</u>
<b>TOTAL EXPENSES</b>	<u>487,812</u>	<u>371,115</u>
<b>NET (DEFICIENCY)-EXCESS OF REVENUES OVER EXPENSES</b>	(472,899)	450,047
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>803,121</u>	<u>353,074</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 330,222</u>	<u>\$ 803,121</u>

See notes to financial statements.

# LOUISIANA PARTNERSHIP FOR TECHNOLOGY AND INNOVATION

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 1995 AND 1996

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** - Gulf South Research Foundation, doing business as Louisiana Partnership for Technology and Innovation (the Company), is a private non-profit organization chartered in 1978 under Louisiana non-profit corporation law. The Company pursues the goal of assisting in the economic diversification of Louisiana by fostering the creation and growth of small emerging enterprises.

**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, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents** - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Long-term Investments** - The Company records investments in emerging enterprises at cost and adjusts the carrying value for impairment that is deemed to be other than temporary. When an investment is determined to be impaired, the carrying value of the investment is adjusted through a charge to "Loss on Investments." Management's judgment as to the impairment of individual investments involves the analysis of financial information and ratios, consideration of current and anticipated economic conditions and their potential effects on the emerging enterprise, and management's internal review of its investment portfolio. The Company capitalizes salaries and benefits directly related to services performed for the respective enterprises.

**Fixed Assets** - Fixed assets purchased or capitalized under leases are depreciated on the straight-line method over estimated useful lives of three to ten years. Fixed assets contributed by Gulf South Research Institute (GSRI) are recorded at depreciated cost as reflected in GSRI's records at the date of the contribution. Such assets are depreciated on the straight-line method over estimated useful lives determined by GSRI at the time of purchase.

**Contributions** - The Company records contributions at their realizable value when such contributions are made.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made." This Statement is effective for fiscal years beginning after December 15, 1993. Adoption of this Statement is not expected to have a significant effect on the Company's financial position or results of operations.

**Income Taxes** - The Company, in general, is exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Louisiana Partnership for Technology and Innovation  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Partnership for Technology and Innovation (the Company) as of June 30, 1996 and for the year then ended, and have issued our report thereon dated August 27, 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 Company is the responsibility of the Company. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Company's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit 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 management and the Board of Trustees of the Company and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Deloitte & Touche LLP*

August 27, 1996

### 3. GOING CONCERN

The Company's viability as a going concern is dependent upon its ability to generate revenues from contributions, grants, service agreements or contracts. Longer term prospects are still uncertain, however, management intends to continue its aggressive efforts to secure additional funding.

### 3. FIXED ASSETS

Fixed assets consists of the following at June 30, 1996 and 1995:

	1996	1995
Furniture and equipment	\$ 63,610	\$ 71,096
Less accumulated depreciation	<u>(60,021)</u>	<u>(67,766)</u>
Fixed assets, net	<u>\$ 4,579</u>	<u>\$ 4,350</u>

### 4. RETIREMENT PLAN

Employees of the Company who have completed the required service period are eligible to participate in the Company's retirement plan. The contributions of the Company and its employees are applied to the purchase of retirement annuities on an individual basis. The Company's contributions to the plan were \$15,945 and \$15,483 during the years ended June 30, 1996 and 1995, respectively, and are included in salaries and benefits.

\*\*\*\*\*

## INDEPENDENT AUDITORS' REPORT

### Louisiana Partnership for Technology and Innovation

We have audited the accompanying balance sheets of Louisiana Partnership for Technology and Innovation (the Company) as of June 30, 1996 and 1995 and the related statements of revenues and expenses and changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at June 30, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has long-term investments in several emerging enterprises which are recorded at the lesser of cost or estimated realizable value. Due to the nature of these investments, it is not possible to determine the amount of the individual investments that will ultimately be recovered. As discussed in Note 2 to the financial statements, the Company's viability as a going concern is also dependent upon its ability to generate adequate revenues. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

In accordance with Government Auditing Standards, we have also issued a report dated August 23, 1996 as our consideration of Louisiana Partnership for Technology and Innovation's internal control structure and a report dated August 27, 1996 on its compliance with laws and regulations.



August 27, 1996