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*Financial Report*  
***L. S. U. Medical Center Foundation***

*June 30, 1998*

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, and approved for appropriate public release. This report is available for public inspection at the Boston Range office of the Regional Auditor and, without compensation, at the office of the public clerk of court.

Release Date 06/1/98

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June 30, 1998

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New Orleans, Louisiana**

June 30, 1998

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
L. S. U. Medical Center Foundation,  
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of L. S. U. Medical Center Foundation (the Foundation) as of June 30, 1998, and the related statements of activities, functional expenses, 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 the standards applicable to financial audits contained in 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 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 L. S. U. Medical Center Foundation as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 1998 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 grants.

*Bougein Bennett, LLC.*

Certified Public Accountants

New Orleans, La.,  
September 24, 1998.

## STATEMENT OF FINANCIAL POSITION

L. S. U. Medical Center Foundation  
New Orleans, Louisiana

June 30, 1998

## ASSETS

## Assets

Cash and cash equivalents	\$ 1,899,606
Interest receivable	290,624
Prepaid expenses and other receivables	7,059
Investments	32,649,199
Unconditional promises to give, net	1,023,458
Receivable from the Succession of Carl and Deulah Babbridge	1,418,254
Total assets	\$ 37,288,200

## LIABILITIES AND NET ASSETS

## Liabilities

Accounts payable and accrued expenses	\$ 453,319
---------------------------------------	------------

## Net Assets

Unrestricted	
Designated for endowment purposes	1,825,178
Undesignated	333,852
Total unrestricted net assets	2,159,030
Temporarily restricted	
Designated for endowment purposes	683,014
Undesignated	9,718,713
Total temporarily restricted net assets	10,401,727
Permanently restricted	23,675,928
Total net assets	36,634,685
Total liabilities and net assets	\$ 37,288,200

See notes to financial statements.

## STATEMENT OF ACTIVITIES

L. S. U. Medical Center Foundation  
New Orleans, Louisiana

For the year ended June 30, 1988

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Other Support</b>				
Contributions	\$ 347,803	\$ 4,363,317	\$ 4,764,853	\$ 9,475,973
Program service fees		2,644,269		2,644,269
Interest income		1,838,333		1,838,333
Net realized and unrealized gains on investments	85,511	1,184,754		1,270,265
Program from the Transmission of Carl and Beulah Haldrige			1,438,254	1,438,254
Net assets released from restrictions:				
Investment income	441,688	(441,688)		
Program restrictions satisfied by payments	6,899,732	(6,899,732)		
Service fees and raw deposit fees	380,158	(380,158)		
Equipped transfers designated for endowment purposes	352,848	(352,848)	2,385,283	
<b>Total revenues and other support</b>	<b>8,326,963</b>	<b>(853,258)</b>	<b>8,578,389</b>	<b>16,052,094</b>
<b>Expenses</b>				
Program services	6,588,886			6,588,886
General and administrative	834,011			834,011
Development	733,485			733,485
<b>Total expenses</b>	<b>8,156,382</b>			<b>8,156,382</b>
<b>Increase in Net Assets</b>	<b>588,651</b>	<b>(653,258)</b>	<b>8,578,389</b>	<b>8,513,782</b>
<b>Net Assets</b>				
Beginning of year	1,978,379	11,092,983	15,060,536	28,131,898
End of year	\$ 2,567,030	\$ 10,399,725	\$ 23,638,925	\$ 36,605,680

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

L. S. U. Medical Center Foundation  
New Orleans, Louisiana

For the year ended June 30, 1966

	Supporting Services			Total
	Program Services - Scientific, Research and Educational Enhancement of L. S. U. Medical Center	Administration and	Development	
Salaries and benefits	\$ 1,453,685	\$ 379,850	\$ 405,360	\$ 3,138,278
Salary supplemental payments	444,391	25,000		469,391
Community support	63,793	11,504		75,297
Conferences, meetings, and other travel	919,930	14,526		934,456
Deans and subject prices	219,832	29,688		249,520
Equipment purchases	268,285	67,522		335,807
Honoraria	370,889			370,889
Miscellaneous	88,295	12,845		101,140
Occupancy	48,525	22,117		70,642
Printing and shipping	83,641	9,946	306	93,893
Printing and publications	442,479	42,990		485,469
Professional fees and contract service payments	811,652	132,884	6,481	1,450,617
Professional expenses and official functions	219,255	47,285	210,853	681,993
Scholarships	370,478	18,688		389,166
Site costs for educational programs	662,450			662,450
Subcontract services for educational programs	822,558			822,558
Supplies	257,684	65,396		323,080
<b>Totals</b>	<b>\$ 6,298,898</b>	<b>\$ 834,011</b>	<b>\$ 1,173,405</b>	<b>\$ 8,306,314</b>

See notes to financial statements.



## STATEMENT OF CASH FLOWS

L. S. U. Medical Center Foundation  
New Orleans, Louisiana

For the year ended June 30, 1998

<b>Cash Flows From Operating Activities</b>	
Increase in net assets	\$ 8,506,792
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Realized and unrealized gains on investments	(1,280,265)
Changes in operating assets and liabilities:	
Increase in interest receivable	(86,572)
Increase in accounts payable and accrued expenses	209,835
Contributions permanently restricted by donors	(8,183,107)
Net cash provided by operating activities	1,166,673
<b>Cash Flows From Investing Activities</b>	
Purchases of investments	(27,766,818)
Proceeds from maturities of investments	21,999,448
Net cash used in investing activities	(5,767,370)
<b>Cash Flows From Financing Activities</b>	
Collections of permanent endowment support	4,483,348
<b>Net Decrease in Cash And Cash Equivalents</b>	<b>(517,549)</b>
<b>Cash And Cash Equivalents</b>	
Beginning of year	2,417,155
End of year	\$ 1,899,606

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****L. S. U. Medical Center Foundation**  
New Orleans, Louisiana

June 30, 1998

**Note 1 - NATURE OF ACTIVITIES**

L. S. U. Medical Center Foundation (the Foundation) supports the activities of L. S. U. Medical Center (the Medical Center). The Foundation's activities and purpose include scientific and research, educational, solicitation and management of funds, including endowments, and other functions for the benefit of the Medical Center. The organization is supported primarily through donor contributions, including corporate and governmental grants.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting**

The financial statements of the Foundation are prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

**b) Basis of Presentation**

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues, and expenses are classified based on 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. The Board of Directors has designated a portion of unrestricted net assets for specific purposes as described in Note 4.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

**Temporarily Restricted Net Assets** - Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. The Board of Directors has designated a portion of the temporarily restricted net assets for specific purposes described in Note 4.

**Permanently Restricted Net Assets** - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation's programs.

c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

d) Investments

Investments are carried at approximate current market value and realized and unrealized gains and losses are reflected in the statement of activities.

e) Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Promises to Give**

Contributions are recognized when a donor makes a promise to give to the Foundation that is, in substance, unconditional. The promises to give are recognized as assets and revenues, less an allowance for uncollectible amounts. The allowance is based on experience and management's analysis of specific promises made. Management's estimate for the allowance of uncollectible promises to give at June 30, 1998 was \$268,733.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**g) Office Furnishings**

Costs of office furnishings and equipment are consistently charged to expense because the Foundation does not consider such amounts to be sufficiently material to warrant capitalization and depreciation. The cost of equipment which is classified as program service expense is not capitalized by the Foundation because this equipment is owned and used by departments of L. S. U. Medical Center.

**h) Program Service Fees Revenue**

The Foundation operated a Professional Medical Education program (PME). Various educational seminars, correspondence courses, etc. were conducted for the benefit of the teaching physicians of L. S. U. Medical Center and other physicians interested in the programs. Registration fees were received from physicians participating in the program in some instances, and in others, corporations helped underwrite the costs of the programs through sponsorships. Registration fees and corporate sponsorships are reported as program service fees revenue.

**i) Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Income Taxes**

The Foundation is a nonprofit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

**k) Required Transfers**

The Foundation has received various matching grants from the State of Louisiana under the Eminent Scholars Endowed Chairs and Endowed Professorships programs which are only approved after certain levels of private funding have been raised. The Foundation must comply with certain policies, procedures and regulations regarding the administration of these programs. One of the requirements of the Board of Regents for Higher Education's investment policy relates to increasing each program's endowment balance each year and some transfers to permanently restricted net assets were made to comply with this policy.

**l) Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments in money market funds and investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Note 3 - RESTRICTIONS ON ASSETS**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the Medical Center. The Foundation conducts numerous program services including assistance with research, scientific education, educational assistance through faculty salary supplemental compensation and student scholarships, equipment purchases for specific departments, etc. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

**Note 3 - RESTRICTIONS ON ASSETS (Continued)**

Permanently restricted net assets consist of endowment fund investments to be held indefinitely and unconditional promises to give. The income from endowment investments is expendable for specific program services as temporarily restricted net assets.

**Note 4 - DESIGNATED NET ASSETS**

Portions of unrestricted net assets and temporarily restricted net assets have been designated by the Foundation's Board of Directors for endowment purposes. These portions of net assets which are expendable for unrestricted or donor-imposed restricted purposes will be treated as if they are permanent endowment funds which create a permanent source of income for the Foundation.

**Note 5 - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consists of the following:

Permanently restricted purposes	\$1,547,762
Less unamortized discount	(255,571)
Less allowance for uncollectible balances	(268,330)
Net unconditional promises to give	<u>\$1,023,861</u>
Amount due in:	
Less than one year	\$ 492,612
One to five years	583,350
Over five years	(472,699)
Total	<u>\$1,542,262</u>

Note 6 - INVESTMENTS

Investments at June 30, 1968 consist of the following:

	Estimated Market	
	Value	Cost
U.S. Government Agency mortgage-backed securities	\$ 5,488,964	\$ 5,356,367
U.S. Government Agency bonds and notes	8,612,732	8,568,831
Corporate bonds and notes	3,147,273	3,076,824
Mixed funds	10,484,213	10,224,517
Municipal bonds	<u>3,031,611</u>	<u>4,983,848</u>
<b>Total</b>	<b>\$32,644,159</b>	<b>\$32,212,187</b>

Gains on investments for the year ended June 30, 1968 consist of the following:

Realized gains on sales of investments	\$2,158,189
Unrealized loss on investments reported at fair value	<u>(857,926)</u>
<b>Net gains on investments</b>	<b>\$1,280,263</b>

The Board of Directors has been advised by legal counsel that under Louisiana state law, the gains from sales of securities and increases in market value are treated as principal and must be retained in endowment fund accounts. However, under the Uniform Management of Institutional Funds Act adopted in Louisiana, such gains and appreciation in value may be expended for the purposes designated by the donors if it is prudent in the judgment of the Board of Directors after considering the long and short term needs of the Medical Center, its present and anticipated financial requirements, expected total return on investments, price level trends and general economic conditions.

If any donor stipulated that realized and unrealized investment gains could not be spent on the restricted purpose for which a fund was originated, then such gain would be added to investment principal and not be expendable in the future. No such stipulations are present at June 30, 1968.

**Note 6 - INVESTMENTS (Continued)**

The Foundation holds its investments in one combined investment pool to maximize management efficiency, diversification, and earnings potential. None of the investments in the pool are specifically identified to specific purposes or activities, except for the Ursumus Scholars Endowed Chairs and Endowed Professorships programs which benefit specific departments of the Medical Center. These programs were partially funded through the Louisiana Board of Regents for Higher Education.

Investment income from interest, dividends and realized gains and losses are allocated to various activities and programs under the Foundation's investment policy. The portion that pertains to unrestricted and short term donor restricted activities is reported as unrestricted revenue, and the portion that pertains to permanent endowment activities is reported as temporarily restricted revenue, because it could be expended on the restricted purposes of the endowments in subsequent periods.

The temporarily restricted revenue which is unexpended at June 30, 1998 is included in temporarily restricted net assets, which are designated for endowment purposes (Note 6).

**Note 7 - LEASE**

The Foundation leases office space under agreements accounted for as operating leases on a month-to-month basis.

Total rent expense for the year ended June 30, 1998 was \$62,442.

**Note 8 - CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash accounts in four financial institutions where the balances are insured by Federal Deposit Insurance Corporation up to \$100,000 per bank and by the Securities Investor Protection Association up to \$100,000 per investment brokerage firm. At June 30, 1998, The Foundation had \$1,385,060 in excess of the insured limits, comprised of balances maintained at the following institutions:



Note 8 - CONCENTRATION OF CREDIT RISK (Continued)

	Reconciled Balances	Total Account Balances Per Bank	Insured Limit	Uninsured Balances
Hibernia National Bank:				
Operating Account and overnight Repurchase Agreement	\$1,488,486	\$1,357,517	\$100,000	\$1,257,517
First National Bank of Commerce				
	213	(33)	100,000	-
Charlton Schwab	407,543	407,543	100,000	307,543
Merrill Lynch	3,264	3,264	100,000	-
	<u>\$1,899,406</u>	<u>\$1,768,397</u>		<u>\$1,565,060</u>

Note 9 - LEGACY

The Foundation is named a residuary legatee of an estate created under the will of Carl and Beulah Baldrige. The succession was still under administration as of the June 30, 1998. The legacy of \$1,418,254 has been recorded as a receivable at that date and permanently restricted support as per the donors' intentions to establish a loan fund and scholarship fund for dental students. The Foundation received its full interest in August 1998.

Note 10 - COMMITMENT

On January 1, 1998, the Foundation agreed to provide a line of credit not to exceed \$1,250,000 to Louisiana State University School of Medicine in New Orleans Faculty Group Practice. The loan would mature December 31, 1999, or the Foundation could require the loan to be repaid in full on December 31, 1998. No advances have been made on the line of credit through June 30, 1998.



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors,  
L. S. U. Medical Center Foundation,  
New Orleans, Louisiana.

Our report on our audit of the basic financial statements of L. S. U. Medical Center Foundation for the year ended June 30, 1998, appears on page 1. That audit was made for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the graphs presenting Contributions and Investment Income, Revenues and Expenses - PME program, Expenses (not including PME program), and Net Assets (not including PME Program) as of and for the year ended June 1998 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information contained in the graph of Contributions and Investment Income does not include program service fees revenue of the Professional Medical Education (PME) program, investment income relative to this program or realized and unrealized gains and losses on investments. The graph of Revenue and Expenses - PME Program contains information regarding program service fees revenue of the PME Program and program service expenses (excluding transfers to other accounts within the Foundation). The graph of Expenses does not include the program service expenses of the PME Program. The graph of Net Assets includes all nonendowed net assets, except the PME Program.

We also have previously audited, in accordance with generally accepted auditing standards, the balance sheets (statements of financial position) of L. S. U. Medical Center Foundation as of December 31, 1994 and as of June 30, 1995, 1996 and 1997, and the related statements of support, revenues and expenses, and changes in fund balances (statements of activities) for the year ended December 31, 1994, six months ended June 30, 1995 and the years ended June 30, 1996 and 1997 (none of which is presented hereto), and we expressed unqualified opinions on those financial statements. In our opinion, the information contained in the graphs presenting Contributions and Investment Income, Revenues and Expenses - FME program, Expenses (not including FME program), and Net Assets (not including FME program) as of and for the periods described above is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

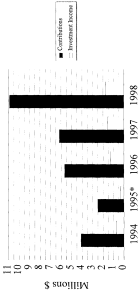
*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 24, 1998.

# L. S. U. Medical Center Foundation

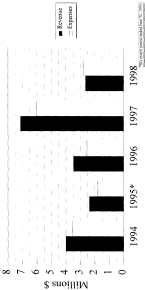
## Contributions and Investment Income



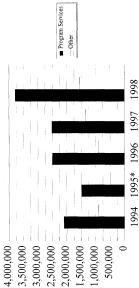
\* 1995 is a partial year.

# L. S. U. Medical Center Foundation

## Revenue and Expenses - PME Program



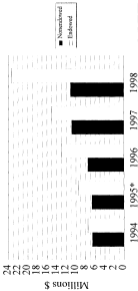
## L. S. U. Medical Center Foundation Expenses (Not Including PME Program)



\*1995 includes period ended June 30, 1995

# L. S. U. Medical Center Foundation

## Net Assets (Not Including PME Program)



\* 1995 figures are preliminary

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**





Bourgeois Bennett

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

To the Board of Directors,  
L. S. U. Medical Center Foundation,  
New Orleans, Louisiana.

We have audited the financial statements of L. S. U. Medical Center Foundation as of and for the year ended June 30, 1998, and have issued our report thereon dated September 24, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether L. S. U. Medical Center Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that we required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered L. S. U. Medical Center Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial

reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
September 24, 1998.

## SCHEDULE OF FINDINGS

### **L.S.U. Medical Center Foundation**

For the year ended June 30, 1998

#### **Section I Summary of Auditor's Report**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_ yes  no
- Reportable condition(s) identified that are  
not considered to be material weakness            \_\_\_ yes  none reported

Noncompliance material to financial statements noted?    \_\_\_ yes  no

##### **b) Federal Awards**

For the year ended June 30, 1998, L.S.U. Medical Center Foundation was not subject to OMB Circular A-133,  audits of States, Local Government, and Non-Profit Organizations.

#### **Section II Financial Statement Findings**

There were no financial statement findings required to be reported for the year ended June 30, 1998.

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS**

### **LSU Medical Center Foundation**

For the year ended June 30, 1998

#### **Section I Internal Control and Compliance Material to the Financial Statements**

For the year ended June 30, 1997 there were no internal control or compliance issues reported or noted.

#### **Section II Internal Control and Compliance Material to Federal Awards**

For the year ended June 30, 1997 there were no internal control or compliance issues material to federal awards reported.

#### **Section III Management Letter**

##### **1) Cash**

Recommendation was made to investigate outstanding checks over one year old and to either reissue replacement checks or write them off. This procedure was implemented.

##### **2) Accounts Payable**

Recommendation was made to not record an expense and accounts payable for items related to a program to be conducted after the end of the current fiscal year. The item noted was an error, and this procedure has been implemented.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **L.S.U. Medical Center Foundation**

For the year ended June 30, 1998

#### **Section I Internal Control and Compliance Material to the Financial Statements**

For the year ended June 30, 1998 there were no internal control or compliance issues reported or noted.

#### **Section II Internal Control and Compliance Material To Federal Awards**

For the year ended June 30, 1998, L.S.U. Medical Center Foundation was not subject to OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 1998.