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LSU HEALTH SCIENCES FOUNDATION
IN SHREVEPORT
SHREVEPORT, LOUISIANA
JUNE 30, 2004

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Release Date 12-8-04



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

810 WILKINSON
SHREVEPORT, LOUISIANA

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LSU HEALTH SCIENCES FOUNDATION

IN SHREVEPORT

SHREVEPORT, LOUISIANA

JUNE 30, 2004

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Board of Directors
LSU Health Sciences Foundation in Shreveport
Shreveport, Louisiana

I have audited the accompanying statement of financial position of the LSU Health Sciences Foundation in Shreveport (a nonprofit organization) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America.. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the 2004 financial statements referred to above present fairly, in all material respects, the financial position of the LSU Health Sciences Foundation in Shreveport as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying other financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the LSU Health Sciences Foundation in Shreveport. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation the financial statements taken as a whole.

Marsha O. Millican

Certified Public Accountant
November 16, 2004

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SHREVEPORT, LA 71104-3036
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FAX: (318) 221-4641

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2004

ASSETS

| | |
|---|-------------------|
| Cash and cash equivalents | 542,457 |
| Accounts receivable | 1,116 |
| Pledges receivable | 10,734 |
| Investments-Note 3 | 27,097,976 |
| Donated land | 4,000 |
| Fixed assets, less accumulated depreciation of \$45,737 | 5,028 |
| Investment in real estate-Note 7 | 1,697,290 |
| Other assets | <u>56</u> |
| Total assets | <u>29,358,657</u> |

LIABILITIES AND NET ASSETS

| | |
|---|-------------------|
| <u>Liabilities:</u> | |
| Accounts payable | 52,622 |
| Payroll and related taxes payable | 358 |
| Notes payable-Note 8 | 730,863 |
| Due to LSU Medical Center Shreveport-Note 6 | <u>2,184,144</u> |
| Total liabilities | 2,967,987 |
| <u>Net assets:</u> | |
| Unrestricted | 1,815,440 |
| Temporarily restricted-Note 4 | 18,365,750 |
| Permanently restricted-Note 5 | <u>6,209,480</u> |
| Total net assets | <u>26,390,670</u> |
| Total liabilities and net assets | <u>29,358,657</u> |

The accompanying notes are an integral part of the financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|
| <u>Support, revenues and gains:</u> | | | | |
| Contributions and grants | 264,750 | 9,562,522 | 530,516 | 10,357,788 |
| Income on long-term investments | 362,464 | 195,954 | 128,055 | 686,473 |
| Net realized and unrealized gains (losses) on long-term investments | (91,854) | (240,275) | 545,798 | 213,669 |
| Management fee income | 250,441 | - | - | 250,441 |
| Rental income | <u>222,432</u> | <u>-</u> | <u>-</u> | <u>222,432</u> |
| Total support, revenues and gains | 1,008,233 | 9,518,201 | 1,204,369 | 11,730,803 |
| <u>Net assets released from restrictions</u> | <u>1,763,883</u> | <u>(1,575,823)</u> | <u>(188,060)</u> | <u>-</u> |
| <u>Total support, revenues, gains and reclassifications</u> | 2,772,116 | 7,942,378 | 1,016,309 | 11,730,803 |
| <u>Expenses:</u> | | | | |
| Management and general | 1,258,045 | - | - | 1,258,045 |
| Feist-Weiller Cancer Center | 870,902 | - | - | 870,902 |
| Grants and honorariums | <u>150,635</u> | <u>-</u> | <u>-</u> | <u>150,635</u> |
| Total expenses | <u>2,279,582</u> | <u>-</u> | <u>-</u> | <u>2,279,582</u> |
| <u>Increase (decrease) in net assets</u> | 492,534 | 7,942,378 | 1,016,309 | 9,451,221 |
| <u>Net assets at beginning of period</u> | <u>1,322,906</u> | <u>10,423,372</u> | <u>5,193,171</u> | <u>16,939,449</u> |
| <u>Net assets at end of period</u> | <u>1,815,440</u> | <u>18,365,750</u> | <u>6,209,480</u> | <u>26,390,670</u> |

The accompanying notes are an integral part of the financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

| | |
|---|--------------------|
| <u>Cash flows from operating activities:</u> | |
| Increase in net assets | 9,451,221 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 4,842 |
| Net realized and unrealized (gain) on long-term investments | (213,669) |
| Decrease in other assets | 22,261 |
| Increase in accounts payable | 24,005 |
| (Decrease) in payroll taxes payable | (5,070) |
| (Decrease) in deferred revenue | (5,000) |
| Increase in due to LSU Medical Center Shreveport | <u>195,559</u> |
| Net cash provided by operating activities | 9,474,149 |
| <u>Cash flows from investing activities:</u> | |
| Purchase of real estate, etc. | (330,308) |
| Purchase of investments-net | <u>(9,016,465)</u> |
| Net cash (used) by investing activities | (9,346,773) |
| <u>Cash flows from financing activities:</u> | |
| Repayment of notes payable | <u>(276,772)</u> |
| Net cash (used) by financing activities | <u>(276,772)</u> |
| <u>Net (decrease) in cash and cash equivalents</u> | (149,396) |
| <u>Cash and cash equivalents at beginning of period</u> | <u>691,853</u> |
| <u>Cash and cash equivalents at end of period</u> | <u>542,457</u> |
| <u>Cash paid for interest during the year</u> | <u>36,521</u> |

The accompanying notes are an integral part of the financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

1. Nature of Business.

The LSU Health Sciences Foundation in Shreveport is a public, nonprofit corporation formed in 1997 and governed by a board of directors. The organization's goal is to support, enhance, and assist the LSU Medical Center Shreveport in its many endeavors by expanding the public's awareness of the Medical Center's many contributions to medical research, education of medical professionals, and quality health care, to develop and enhance financial support for the Medical Center, and provide the means through which financial support is received and administered.

2. Summary of Significant Accounting Policies.

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation, and/or by the passage of time.

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

The statement of activities presents expenses of the Foundation's operations functionally between management and general expenses, Feist-Weiller Cancer Center expenses, and grants and honorariums.

- b. In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.
- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

2. Summary of Significant Accounting Policies. (Continued)

- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.
- e. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.
- f. The LSU Health Sciences Foundation in Shreveport qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.
- g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.
- h. Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method. Equipment is depreciated over an estimated useful life of five to seven years.

3. Investments.

As of June 30, 2004, the investments of all funds consisted of marketable securities and trust assets held in bank pools and brokerage accounts, which are recorded at market value, as detailed below:

| | <u>Market Value</u> | <u>Cost</u> |
|--|-------------------------|------------------|
| Schwab Institutional Funds-Nonendowed Pool: | | |
| Cash and money market funds | 236,414 | 236,414 |
| U.S. government obligations | 1,822,341 | 1,840,029 |
| Fixed income-CMO and asset backed securities | 1,309,502 | 1,350,178 |
| Fixed income-bond fund | - | - |
| Domestic equities | - | - |
| International equities | - | - |
| Accrued income | <u>14,166</u> | <u>14,166</u> |
| | <u>3,382,423</u> | <u>3,440,787</u> |
| Schwab Institutional Funds-Endowed Pool: | | |
| Money market funds | 8,994 | 8,994 |
| Fixed income-bond fund | 3,379,681 | 3,376,093 |
| Domestic equities | 4,264,802 | 4,069,289 |
| International equities | <u>431,838</u> | <u>435,362</u> |
| | <u>8,085,315</u> | <u>7,889,738</u> |
| Schwab Institutional Funds-PreBOR: | | |
| Money market funds | <u>-</u> | <u>-</u> |

3. Investments. (Continued)

| | <u>Market Value</u> | <u>Cost</u> |
|--|-------------------------|-------------------|
| A. G. Edwards & Sons, Inc.: | | |
| Money market funds | - | - |
| Equities | - | - |
| | <u>-</u> | <u>-</u> |
| Bank One-Unrestricted: | | |
| Bank One Business Market Index Account | - | - |
| | <u>-</u> | <u>-</u> |
| Feist Treasury: | | |
| Bank One: | | |
| Cash and cash equivalents | 11,374 | 11,374 |
| Fixed income-U.S. treasuries | 7,488,951 | 7,485,164 |
| Accrued income | <u>51,470</u> | <u>51,470</u> |
| | 7,551,795 | 7,548,008 |
| Schwab Institutional Funds: | | |
| Money market funds | 32,403 | 32,403 |
| Fixed income-U.S. treasuries | 7,993,695 | 7,958,694 |
| Accrued income | <u>52,345</u> | <u>52,345</u> |
| | <u>8,078,443</u> | <u>8,043,442</u> |
| Total Feist Treasury | <u>15,630,238</u> | <u>15,591,450</u> |
| Total investments | <u>27,097,976</u> | <u>26,921,975</u> |

The investments in the bank pools and the brokerage accounts were uninsured and were not collateralized, making a total of \$26,779,995 in off-balance sheet risk at June 30, 2004. The possibility of loss exists if the investment funds holding uninsured deposits were to fail.

4. Temporarily Restricted Net Assets.

Temporarily restricted net assets consisted of the following as of June 30, 2004:

| | |
|--|------------|
| Feist-Weiller Treasury Acct. | 15,549,127 |
| Feist-Weiller Cancer Center | 239,576 |
| McLarry: Research Sup Fund-Feist-Weiller | 1,884 |
| LSUMC Alumni Association | 93,356 |
| Med School Alumni Computer Lab Fund | 139 |
| Physiology/Granger Flex | 46,168 |
| Pharmacology/Dunn/Seminar Fund | 19,433 |
| Pharmacology/McMartin/Toxicology | 9,076 |
| Pharmacology/Dunn | 3,388 |
| Hematology/Burton Flex Residual | 80,564 |
| Hematology/Burton Kids | 1,269 |

4. Temporarily Restricted Assets. (Continued)

| | |
|---|---------|
| Urology/Venable SW Inc. | 12,310 |
| Urology/Venable Flex Residual | (81) |
| Urology/Venable Merck 1 | 2,497 |
| Urology/Venable Burdette Trich | 5,014 |
| Urology/Venable Shafto Memorial | 1,016 |
| OB/GYN/London Improvement Fund | 18,492 |
| OB/GYN/London/Cravens Award | 63,449 |
| Pediatrics/Neo Pramanik Flex | 51,414 |
| Pediatrics/Pramanik Flex Residual | 86,829 |
| Pediatrics/Pramanik ONY 1 | 52,333 |
| Pediatrics/Hematology/Oncology Clinic | 698 |
| Cardiopulmonary Serv Continuing Ed | 2,824 |
| HR Project Care Workplace Literacy | 223 |
| Needy Student Fund | 5,693 |
| Susan Sewell Fund | 1,368 |
| Psychiatry Flexible Residual | 25,940 |
| Pulmonary/Payne Flex Residual | 10,207 |
| Pulmonary/Payne/Video Award | 1,232 |
| Phys-biophy/Grisham Flex | 101,872 |
| Phys-biophy/Grisham Conference | 11,233 |
| Physiology/Alexander/Research | 15,964 |
| Physiology-CCII/Lefer/Research | 6,066 |
| Physiology-Feelisch Flex | 301 |
| Rheumatology/Wolf Flex Residual | 111,104 |
| So Area Fibromyalgia Res Organ | 8,646 |
| Microbiology/Berg Flex | 27,613 |
| Microbiology/Berg Biocodex 2 | 1,603 |
| Microbiology/Jennings/Research | 1,918 |
| Microbiology/O'Callaghan/Flex | 2,231 |
| Microbiology/Teaching Fund | 918 |
| Otolaryngology/Stucker | (417) |
| LSUMC/Muslow Feist 3 | 364,601 |
| CME/Chesson | 55,957 |
| Radiology/D'Agostino/Enrich | (16) |
| Peter C. Meyers Memorial Fund | (82) |
| Radiology/Odita Scholarship Fund | 353 |
| Neurosurgery/Nanda Flex Residual | 10,588 |
| Neurosurgery/Nanda Professor Megiso | 2,085 |
| Neurosurgery/Nanda/Symposium | 643 |
| Neurosurgery/Nanda/Brain Tumor | 21,910 |
| Neurosurgery Residency Support | 31,511 |
| Nephrology/Abreo Flex Residual | 66,971 |
| Surgery/McDonald/Trauma Fund | 1,355 |
| Surgery/Cunningham/Diab. Limb | 47,427 |
| Surgery/Gebel/Transplant Res. | 27,034 |
| Surgery/Diabetic Limb Preservation Fund | 4,821 |
| Surgery/Zibari/Transplant Research | 87,691 |

4. Temporarily Restricted Assets. (Continued)

| | |
|--|--------|
| Li/Turnage-Schump Research Fund | 23,514 |
| Hematology/Glass | 5,721 |
| Internal Medicine Interest Group | 4,557 |
| Gastroenterology/Jordan Flex Residual | 1,488 |
| Pulmonary/Conrad | 9,724 |
| Biochemistry/Rhoads Feist 2 | 4,831 |
| Urology/Eastham | 55 |
| Biochemistry/Good Feist 2 | 125 |
| Cardiology/Reddy | 17,029 |
| Cardiology/Caskey/Education | 425 |
| Rheumatology/Fuseler | (88) |
| Hematology/Glass | 5,335 |
| Hematology/Mills/Cancer Center | 5,514 |
| LSUMCS/Muslow Dean's Discretionary | 12,352 |
| Chancellor-Strategic Plan Fund | 26,867 |
| Dean's Academic Affairs | 36,682 |
| Neurology/Chesson Sleep Disorders Clinic | 17,652 |
| Neurology/Jaffe/Flex Spending | 6,003 |
| Neurology/Parkinson's Resource | 18,654 |
| Ward Professor/Brain Disease Research | 49,877 |
| Minagar's Flexible Residual Account | 10,253 |
| Family Medicine/LaRavia Alexandria | 4,597 |
| Family Medicine/Harper/Residual | 7,970 |
| Family Medicine/Givier/Monroe Program | 2,137 |
| Family Medicine/Fletcher/Obesity Discretionary | 1,460 |
| Family Medicine/Madden/Alexandria | 2,747 |
| Family Medicine/Pope/Educational Materials | 64 |
| Family Medicine/Harper/Educational Materials | 425 |
| Family Medicine/Educational Fund/Pope | 2,081 |
| Selber Endocrine/Levine Discretionary | 12,375 |
| Pediatrics/Hilman Cystic Fibrosis Fund | 45,204 |
| Pediatrics/Bocchini Reach Out & Read Program | 2,260 |
| Pediatrics/Wilson/CCRC | 3,236 |
| Pediatrics/Resident Fund | 1,475 |
| Joseph Lindsey Memorial Fund | 130 |
| Pediatric Allergy/Immunology Program | 7,046 |
| LSUMC/DeSha Alumni Reunion | 144 |
| AH/McCullough/School Fund | 2,162 |
| AH/McCullough/Communication Disorders | 11,424 |
| AH/Children's Center Renovation Fund | 54,922 |
| SAHP Alumni Association | 2,777 |
| SAHP Cardiopulmonary Science | 921 |
| SAHP Clinical Lab Science | 203 |
| SAHP Occupational Therapy | 176 |
| SAHP Physician's Assistant | 3,601 |
| SAHP Physical Therapy | (315) |
| AH/Physical Therapy/Alumni Scholarship | (63) |
| AH/Physician's Assistant/Student Account | 2,049 |

4. Temporarily Restricted Assets. (Continued)

| | |
|--|--------|
| AH/CPS Student Account | (4) |
| Emergency Room/Conrad Flex Residual | 440 |
| Oncology Transportation Program | 913 |
| Oncology Patient Support Funds | 5 |
| Nurse Administration/C Gay Assistance Fund | 89 |
| Health Sciences Library/Craig | 11,836 |
| Patient Relations | 1,430 |
| Bone Marrow Transportation Flex Spending | 5,005 |
| Medicine/Banks/Resident Account | 5,899 |
| Internal Medicine Chairman Program Fund | 452 |
| Emergency Medicine/Arnold | 5,865 |
| Medicine/Division of Research Education | 1,764 |
| Task Force on Health Literacy | 2,300 |
| Oral Surgery/Ghail/Discretionary Spending | 58,241 |
| Orthopedic Surgery/Albright Discretionary | 22,185 |
| Orthopedic Rehabilitation ONE | 47,816 |
| Orthopedic Rehabilitation TWO | 74,032 |
| Osteoporosis Education | 3,983 |
| Neurology/Kelley/Discretionary | (167) |
| John Whitaker Visiting Professor | 3,493 |
| Neurosurgery/Nanda/Research | 80,763 |
| Legal Affairs/Employee Assistance | 20,215 |
| Anesthesiology/Cork/Resident Assistance | 8,926 |
| Anesthesiology Pain Fellowship Fund | 25,480 |
| Pediatrics/Bocchini/Children's Hospital | 16,966 |
| Pediatrics/Children's Hospital/Fund Raiser | 18,034 |
| Child Life Flexible Fund | 806 |
| Surgery/Sittig/Chad Johnson Burn Program | 830 |
| Burn Center Flexible Spending Account | 9,975 |
| PIWP/Ford/Monroe-EA Conway | 1,415 |
| OB/GYN/Wise/Monroe/EA Conway | 3,033 |
| OB/GYN/Wise/Truly Award | 3,419 |
| Admin Seferovic Fund | 10,327 |
| Albert Sklar Professorship in Surgery Spending Account | 14,197 |
| E. E. Dilworth Endowed Chair Spending Account | 35,239 |
| Mary Louise and Ben Levy Professorship in Neurosurgery Spending Account | 297 |
| Paul Winder Professorship in Dermatology Spending Account | 9,628 |
| H. Whitney Boggs, Jr. M.D. Professorship of Colon/Rectal Surgery Spending Account | 1,629 |
| Mollie E. Webb Endowed Spending Account | 510 |
| Albertson's Distinguished Professorship in Allied Health Science Spending Account | 2,015 |
| Pulmonary/MeNeely Endowment Spending Account | 30 |
| Urology/Womack Endowment Spending Account | 5,770 |
| Psychiatry/Frost Spending Account | 14,717 |
| OB/GYN/Crawford Endowment Spending Account | 105 |

4. Temporarily Restricted Assets. (Continued)

| | |
|---|-------------------|
| Medicine/Gottlieb Endowment Spending Account | 1,250 |
| Orthopedic Surgery/Albright Spending Account | 20 |
| Archibald Bell Nelson Professorship in Orthopaedics Spending Account | 5,530 |
| Neurology/Kelly/Professorship Spending Account | 64 |
| Joanna Gunning Magale Professorship in Neurology Spending Account | <u>3,866</u> |
| Total temporarily restricted net assets | <u>18,365,750</u> |

5. Permanently Restricted Net Assets.

Permanently restricted net assets consisted of the following at June 30, 2004:

| | |
|--|-----------|
| Jack Gamble Chair | 675,186 |
| Albert Sklar Professorship in Surgery | 69,484 |
| Joanna Gunning Magale Professorship in Neurology | 75,927 |
| Archibald Bell Nelson Professorship in Orthopaedics | 88,238 |
| Carroll Feist Endowed Chair | 1,343,983 |
| E. E. Dilworth Endowed Chair | 679,427 |
| Albert G. and Harry G. Smith Professorship in Pathology | 66,212 |
| Mary Louise and Ben Levy Professorship in Neurosurgery | 70,128 |
| Paul Winder Professorship in Dermatology | 74,654 |
| H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery | 66,490 |
| Albertson's Distinguished Professorship in Allied Health Science | 66,487 |
| John McDonald Endowed Fund | 703,969 |
| Jack W. Pou Endowed Chair | 665,305 |
| Randy Bryn Professorship in Pulmonology | 65,307 |
| W R Matthew, M.D. Professorship in Pathology | 65,090 |
| Wolf Chair in Rheumatology | 22,900 |
| Brooks OB/GYN Endowed Professorship | 5,013 |
| Donald Mack, M.D. Endowed Professorship | 60,000 |
| Smith Chair of Spinal Treatment | 35,555 |
| Crawford Professorship in OB/GYN Resident Education | 61,110 |
| Crawford Professorship in GYN Surgery | 61,110 |
| Crawford Professorship Number 3 | 20,190 |
| Albright Chair in Orthopaedics | 4,980 |
| B. E. Trichel, M.D. Professorship in Urology | 60,142 |
| Charles Knight Professorship in General Surgery | 60,142 |
| J. Woodfin Wilson, M.D. Professorship in Internal Medicine | 60,142 |
| Pulmonary/Meneely Endowment | 23,611 |
| Urology/Womack Endowment | 151,502 |
| Psychiatry/Frost Endowment | 659,448 |
| OB/GYN/Crawford Endowment | 4,987 |
| Medicine/Gottlieb Endowment | 36,037 |
| Dr. Y. S. Goel Student Scholarship | 12,098 |
| Orthopedic Surgery/Albright | 575 |

5. Permanently Restricted Net Assets. (Continued)

| | |
|---|------------------|
| Neurology/Kelly/Professorship | 8,671 |
| Mollie E. Webb Endowment | 15,387 |
| Muslow Endowed Chair | 49,945 |
| Comegys Library Endowment | <u>20,048</u> |
| Total permanently restricted net assets | <u>6,209,480</u> |

6. Due to LSU Medical Center Shreveport.

The amount due to LSU Medical Center Shreveport represents the state match for the following chairs and professorships, which are being held and invested for the Medical Center by the LSU Medical Center Shreveport Foundation. The liability consists of the following at June 30, 2004:

| | |
|---|------------------|
| Jack Gamble Chair | 450,124 |
| Joanna Gunning Magale Professorship in Neurology | 50,618 |
| Archibald Bell Nelson Professorship in Orthopaedics | 58,826 |
| Albert Sklar Professorship in Surgery | 46,322 |
| E. E. Dilworth Chair | 452,951 |
| Carroll Feist Chair | 895,988 |
| Albert G. and Harry G. Smith Professorship in Pathology | 44,142 |
| Mary Louise and Ben Levy Professorship in Neurosurgery | 46,752 |
| Paul Winder Professorship in Dermatology | 49,770 |
| H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery | 44,327 |
| Albertson's Distinguished Professorship in Allied Health Science | <u>44,324</u> |
| | <u>2,184,144</u> |

7. Investment in Real Estate.

The Foundation purchased four pieces of property during the year ended June 30, 2002 two pieces of property during the year ended June 30, 2003, and two pieces of property during the year ended June 30, 2004. The Foundation's intent is to ultimately transfer ownership of this property to the LSU Health Sciences Center either by sale or donation. At June 30, 2004, this property consists of:

| | |
|-----------------------------------|------------------|
| Chevy Land property | 250,000 |
| St. Vincent Avenue property | 163,466 |
| Yokem property | 125,000 |
| Sklar Phillips property | 250,000 |
| Yokem Body Shop property | 118,930 |
| Caddo Exceptional School property | 510,000 |
| Monsour property | 200,238 |
| Crawford property | <u>79,656</u> |
| | <u>1,697,290</u> |

The Chevy Land, St. Vincent Avenue and Sklar Phillips properties are currently leased by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College will begin leasing the Caddo Exceptional School property in July 2004. Lease payments under these noncancellable leases are due as follows:

7. Investment in Real Estate. (Continued)

| | |
|---------------------|------------------|
| 2005 | 362,220 |
| 2006 | 261,293 |
| 2007 | 150,350 |
| 2008 | 72,461 |
| 2009 | 72,461 |
| 2010 and thereafter | <u>181,154</u> |
| | <u>1,099,939</u> |

8. Notes Payable.

Notes payable consists of the following at June 30, 2004:

Note payable to Bank One, original amount of \$166,500, interest at prime rate 4.0% at June 30, 2004, due in monthly installments of \$5,000 including interest beginning July 7, 2002 with unpaid principal and interest due in full on June 7, 2005. 56,548

Note payable to Atelka, LLC, original amount of \$250,000, interest at 4.1%, due in consecutive monthly installments of \$4,615 including interest beginning December 15, 2001, due November 15, 2006. 127,236

Note payable to Yokem Toyota, original amount of \$100,000, interest at 4.5%, due in consecutive annual installments of \$25,000 plus interest beginning June 20, 2003, due June 20, 2006. 50,000

Note payable to Yokem Toyota, Inc., original amount of \$50,000, interest at 3.17%, due in four consecutive annual installments of \$13,506 (including interest) beginning on June 17, 2004, due June 17, 2007. 38,079

Note payable to Bank One, original amount of \$510,000, interest at the "Eurodollar Rate", due in consecutive monthly installments of \$4,250, plus interest beginning July 15, 2003 with unpaid principal and interest due in full on June 15, 2008. 459,000

Less-current portion 730,863
195,970
534,893

Notes payable maturities are as follows:

| | |
|---------------|----------------|
| <u>Due In</u> | |
| 2005 | 195,970 |
| 2006 | 141,947 |
| 2007 | 86,946 |
| 2008 | <u>306,000</u> |
| | <u>730,863</u> |

Included in management and general expense is \$36,521 in interest expense for the year ended June 30, 2004.

9. Cash

During the fiscal year, the Foundation's cash in bank balances exceeded the federally insured limits. At June 30, 2004, the Foundation's uninsured cash balance totaled \$519,319.

OTHER FINANCIAL INFORMATION

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT
SCHEDULE OF MANAGEMENT AND GENERAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

Relating to unrestricted expenses:

| | |
|--------------------------------------|---------|
| Salary expense | 221,239 |
| Employee benefit expense | 11,547 |
| Payroll taxes | 20,684 |
| Advertising and promotional expenses | 2,500 |
| Bank charges | 16,050 |
| Depreciation | 4,842 |
| Consulting services | 41,678 |
| Postage | 6,951 |
| Office expense | 10,003 |
| Telephone expense | 2,022 |
| Donations | 1,477 |
| Gifts and acknowledgments | 473 |
| Printing | 9,784 |
| Travel | 597 |
| Meals and entertainment | 1,368 |
| Memberships, dues and subscriptions | 2,720 |
| Rent | 4,545 |
| Miscellaneous | 3,666 |
| Accounting | 23,700 |
| Fundraising | 47,879 |
| Interest expense | 36,521 |
| Real estate expense | 20,646 |
| Software | 3,499 |
| Employee excellence award expense | 9,204 |
| Total unrestricted expenses | 503,595 |

Relating to temporarily restricted expenses:

| | |
|---------------------------------------|---------|
| LSU Medical Center Alumni Association | 51,710 |
| Physiology | 12,202 |
| Pharmacology | 2,541 |
| Pediatrics | 36,954 |
| Phys-Biophy | 10,509 |
| Microbiology | 14,395 |
| CME/Chesson | 148,170 |
| Radiology | 2,224 |
| Anesthesiology | 4,882 |
| Neurosurgery/Nanda | 84,302 |
| Nephrology | 14,951 |
| Rheumatology | 12,976 |
| Medicine | 30,409 |

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT
SCHEDULE OF MANAGEMENT AND GENERAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

Relating to temporarily restricted expenses: (Continued)

| | |
|---------------------------------------|--------------|
| Oncology | 4,008 |
| Cardiology | 5,694 |
| LSUMC Muslow | 8,452 |
| Family medicine | 7,220 |
| Psychiatry | 11,093 |
| Urology | 4,577 |
| OB/GYN | 13,445 |
| Pulmonary | 10,127 |
| Neurology | 4,171 |
| Endocrine | 1,512 |
| LSUMC | 37,778 |
| Foundation management fees | 19,387 |
| Surgery | 35,446 |
| Admin Seferovic Fund | 19,905 |
| Gastroenterology | 752 |
| Orthopaedic rehabilitation | 1,940 |
| Emergency medicine | 3,385 |
| Dilworth-Chair | 3,224 |
| Levy-Professorship | 4,098 |
| Winder-Professorship | 1,832 |
| Albertson's-Professorship | 487 |
| Needy student fund | 2,574 |
| Health sciences library | 2,365 |
| Osteoporosis education | 1,076 |
| Kelly-Professorship | 242 |
| Magale-Professorship | 893 |
| Other | <u>4,346</u> |
| Total temporarily restricted expenses | 636,254 |

Relating to permanently restricted expenses:

| | |
|---------------------------------------|----------------|
| Psychiatry | 13,219 |
| Winder-professorship | 1,550 |
| Visiting professor | 43 |
| Foundation management fees | 59,070 |
| Embedded investment management fees | <u>44,314</u> |
| Total permanently restricted expenses | <u>118,196</u> |

Total management and general expenses 1,258,045