

**THE FOUNDATION FOR THE  
LSU HEALTH SCIENCES CENTER**

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2013 and 2012**

# TABLE OF CONTENTS

	<u>Page</u>
<b>Financial Section</b>	
Independent Auditor’s Report .....	1
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8
<b>Reports Required by <i>Government Auditing Standards</i> and the Single Audit Act</b>	
Reports Related to the Entity:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	25
Reports and Information Required Under the Single Audit Act:	
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	27
Schedule of Expenditures of Federal Awards .....	30
Notes to the Schedule of Expenditures of Federal Awards .....	31
Schedule of Findings and Questioned Costs.....	32
Summary Schedule of Prior Year Findings and Questioned Costs .....	33
Management’s Corrective Action Plan .....	34
<b>Supplemental Information Required by the State of Louisiana</b>	
Statement of Financial Position .....	35
Statement of Revenues, Expenses, and Changes in Net Assets .....	37

**TABLE OF CONTENTS (CONTINUED)**

Statement of Activities (GASB) .....	39
Statement of Activities (FASB) .....	40
Notes to Supplemental Information Required by the State of Louisiana .....	42

## **FINANCIAL SECTION**



Carr, Riggs & Ingram, LLC  
3501 North Causeway Boulevard  
Suite 810  
Metairie, Louisiana 70002

(504) 837-9116  
(504) 837-0123 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Foundation for the LSU Health Sciences Center  
New Orleans, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Foundation for the LSU Health Sciences Center (the "Foundation") (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2013 and 2012, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplementary information on pages 35 through 49 is not a required part of the basic financial statements but is supplementary information required by the State of Louisiana. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Foundation's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, LLC*

August 16, 2013

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

<b>ASSETS</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,482,277	\$ 5,139,204
Investments	25,496,761	11,903,675
Unconditional promises to give, net	1,200	-
Federal grant receivable	595,179	225,819
Other receivables	419,891	383,326
	<u>30,995,308</u>	<u>17,652,024</u>
<b>Noncurrent Assets</b>		
Investments	86,949,601	88,724,281
Unconditional promises to give, net	3,150	5,131
Construction in progress	7,538,799	2,245,889
Cash restricted for debt service	566,368	231,095
Land	215,027	215,027
	<u>95,272,945</u>	<u>91,421,423</u>
<b>Total assets</b>	<u><u>\$ 126,268,253</u></u>	<u><u>\$ 109,073,447</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 808,527	\$ 881,272
Bonds payable	95,000	95,000
Split-interest agreements	6,975	6,795
	<u>910,502</u>	<u>983,067</u>
<b>Noncurrent Liabilities</b>		
Amounts held in custody for others	24,434,350	21,857,951
Bonds payable, net	1,002,501	1,095,910
Split-interest agreements	47,704	50,940
	<u>25,484,555</u>	<u>23,004,801</u>
<b>Total liabilities</b>	<u>26,395,057</u>	<u>23,987,868</u>
<b>Net Assets</b>		
Unrestricted	7,703,201	5,625,866
Board-designated	5,500,000	-
Temporarily restricted	39,695,536	33,339,784
Permanently restricted	46,974,459	46,119,929
	<u>99,873,196</u>	<u>85,085,579</u>
<b>Total net assets</b>	<u>99,873,196</u>	<u>85,085,579</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 126,268,253</u></u>	<u><u>\$ 109,073,447</u></u>

See accompanying notes to the financial statements.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted revenues and other support:		
Contributions	\$ 10,351	\$ 35,008
Management and deposit fee income	1,411,543	1,340,457
Investment income – net	2,297,213	190,783
Federal grant revenue	5,422,677	1,561,894
Other income	367,769	46,753
	9,509,553	3,174,895
Net assets released from restrictions	6,716,808	5,146,164
Total unrestricted revenues and other support	16,226,361	8,321,059
Expenses:		
Program services	6,716,808	5,146,164
General and administrative	1,145,280	908,386
Development	786,938	1,082,862
Total expenses	8,649,026	7,137,412
Increase in unrestricted net assets	7,577,335	1,183,647
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Temporarily restricted revenues and other support:		
Contributions	4,684,165	2,856,359
Investment income – net	8,393,721	151,765
Other income (expense)	(5,326)	2,071,234
	13,072,560	5,079,358
Net assets released from restrictions	(6,716,808)	(5,146,164)
Increase (decrease) in temporarily restricted net assets	6,355,752	(66,806)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Permanently restricted revenues and other support:		
Contributions	854,530	490,096
Increase in permanently restricted net assets	854,530	490,096
Increase in net assets	14,787,617	1,606,937
Net assets at beginning of year	85,085,579	83,478,642
Net assets at end of year	\$ 99,873,196	\$ 85,085,579

See accompanying notes to the financial statements.



**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2013**

	<b>Program Services - Scientific, Research and Educational Enhancement of The LSU Health Sciences Center</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>General and Administrative</b>	<b>Development</b>	<b>2013</b>
Advertising	\$ 23,775	\$ 9,485	\$ 110,145	\$ 143,405
Bank charges	-	28,180	-	28,180
Clinical trials, professional education and seminars	56,378	1,004	-	57,382
Community support	134,097	30,986	205,182	370,265
Conferences, meetings, and other travel	684,013	-	464	684,477
Credit card fees	11,344	3,276	-	14,620
Depreciation and amortization	-	1,591	-	1,591
Dues and subscriptions	85,192	9,998	57,691	152,881
Entertainment	582,591	2,708	72	585,371
Equipment purchases	1,106,814	1,913	6,400	1,115,127
Honoraria	59,184	-	-	59,184
Insurance	-	41,255	29,853	71,108
Interest expense	-	8,406	-	8,406
Management and deposit fees	1,411,543	-	-	1,411,543
Meeting expenses	-	3,077	-	3,077
Miscellaneous	9,636	452	-	10,088
Occupancy	58,875	14,730	19,171	92,776
Postage and shipping	1,333	536	1,025	2,894
Printing and publications	31,591	3,753	-	35,344
Professional fees and contract service payments	170,429	550,050	21,086	741,565
Recruitment and relocation	75,682	-	-	75,682
Repairs and maintenance	1,000	591	-	1,591
Salaries and benefits	-	424,455	263,399	687,854
Salary supplemental payments	1,359,633	-	-	1,359,633
Scholarships and awards	213,682	-	16,151	229,833
Supplies	640,016	8,834	56,299	705,149
	<u>\$ 6,716,808</u>	<u>\$ 1,145,280</u>	<u>\$ 786,938</u>	<u>\$ 8,649,026</u>

See accompanying notes to the financial statements.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**

	<b>Program Services - Scientific, Research and Educational Enhancement of The LSU Health Sciences Center</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>General and Administrative</b>	<b>Development</b>	<b>2012</b>
Advertising	\$ 5,142	\$ 2,475	\$ 52,050	\$ 59,667
Bank charges	-	18,430	-	18,430
Clinical trials, professional education and seminars	66,655	399	-	67,054
Community support	76,183	23,731	435,623	535,537
Conferences, meetings, and other travel	572,749	-	467	573,216
Credit card fees	10,728	498	-	11,226
Depreciation and amortization	-	1,591	-	1,591
Dues and subscriptions	128,723	10,027	67,679	206,429
Entertainment	653,728	1,373	62,817	717,918
Equipment purchases	33,513	-	15,218	48,731
Honoraria	63,412	-	-	63,412
Insurance	-	44,443	32,806	77,249
Interest expense	-	10,252	-	10,252
Management and deposit fees	1,340,456	-	-	1,340,456
Meeting expenses	1,055	6,730	780	8,565
Miscellaneous	6,827	367	31,055	38,249
Occupancy	27,301	14,195	1,818	43,314
Postage and shipping	3,509	1,500	11,624	16,633
Printing and publications	20,670	5,255	9,989	35,914
Professional fees and contract service payments	217,297	377,011	20,165	614,473
Recruitment and relocation	70,376	-	-	70,376
Repairs and maintenance	130	1,350	-	1,480
Salaries and benefits	-	375,106	290,893	665,999
Salary supplemental payments	1,081,170	-	49,775	1,130,945
Scholarships and awards	153,075	-	-	153,075
Supplies	613,465	13,653	103	627,221
	<u>\$ 5,146,164</u>	<u>\$ 908,386</u>	<u>\$ 1,082,862</u>	<u>\$ 7,137,412</u>

See accompanying notes to the financial statements.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 14,787,617	\$ 1,606,937
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	1,591	1,591
Change in allowance for uncollectible accounts	1,395	4,810
Net change in discount on unconditional promises to give	(614)	(1,006)
Realized and unrealized (gain) loss on investments	(8,607,919)	3,102,025
Changes in operating assets and liabilities:		
(Increase) decrease in other receivables	(405,925)	(163,973)
Increase in accounts payable and accrued expenses	(72,745)	311,513
Increase (decrease) in split-interest agreement	(3,056)	2,542
Increase in funds held in custody	2,576,399	(960,934)
Contributions permanently restricted by donors	(854,530)	(490,096)
Net cash provided by operating activities	7,422,213	3,413,409
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales and maturities of investments	19,503,120	45,996,549
Purchases of investments	(22,713,607)	(48,129,183)
Change in cash restricted for debt service	(335,273)	(122,259)
Additions to construction in progress	(5,292,910)	(1,443,574)
Net cash used in investing activities	(8,838,670)	(3,698,467)
<b>Cash Flows From Financing Activities</b>		
Payments on bonds payable	(95,000)	(95,000)
Contributions permanently restricted by donors	854,530	490,096
Net cash provided by financing activities	759,530	395,096
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(656,927)	110,038
<b>Cash and Cash Equivalents</b>		
Beginning of year	5,139,204	5,029,166
End of year	\$ 4,482,277	\$ 5,139,204
Supplemental data:		
Cash paid for interest	\$ 8,406	\$ 10,252

See accompanying notes to the financial statements.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 1 - NATURE OF ACTIVITIES**

The Foundation for the LSU Health Sciences Center (the “Foundation”) supports the activities of the LSU Health Sciences Center. The Foundation’s activities and purpose include scientific research, educational, solicitation and management of funds, including endowments, and other functions for the benefit of the LSU Health Sciences Center. The Foundation is supported primarily through donor contributions.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Organization and Income Taxes**

The Foundation is a Louisiana nonprofit organization under Section 509(a)(3) of the Internal Revenue code that been granted an exemption from the payment of income taxes under Section 503(c)(3) and has been determined to be other than private foundations. The Foundation’s management believes that the Foundation continues to operate in a manner that preserves its tax exempt status.

On January 1, 2009, the Foundation adopted a standard relating to the accounting for uncertainty in income taxes. The tax effect from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Foundation recognizes the financial statement benefits of a tax position only after determining that the relevant tax authority would be more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. At the adoption date, the Foundation applied the new accounting standard to all tax positions for which the statute of limitations remained open. The Foundation did not make any adjustment to beginning net assets as a result of the implementation of the accounting standard. Based on its evaluation, the Foundation has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Foundation is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for the fiscal years before 2010.

**b) Basis of Accounting**

The financial statements of the Foundation are prepared on the accrual basis of accounting.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Risks and Uncertainties**

The Foundation holds various investments in any combination of stocks, bonds, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Given the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the value of investment securities it is at least reasonably possible that changes in values in the near term could materially affect investment balances and the amounts reported in the Statements of Financial Position and the Statements of Activities.

**d) Basis of Presentation**

Financial statement presentation follows the reporting requirements of FASB Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*, which establishes external financial reporting for not-for-profit organizations. Under ASC 958, 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. Board-designated unrestricted net assets are set aside for specific use by action of the Board of Directors, but not subject to any donor-imposed stipulations.

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

**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.

**e) Use of Estimates**

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

**f) Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Foundation consider 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.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) Investments**

Investments are carried at estimated current market value. Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statement of Financial Position.

**h) Noncurrent Liabilities**

Noncurrent liabilities include principal amounts of bonds payable and other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

**i) Funds Held in Custody for Others**

The Foundation considers all state matching funds and unexpended income from these funds to be reported as Funds Held in Custody for Others. All Funds Held in Custody for Others are recorded at fair market value.

**j) 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.

**k) Unconditional 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, net of an allowance for uncollectible amounts. The allowance is based on historical experience and management's analysis of specific promises made. Management's estimate for the allowance of uncollectible promises to give at June 30, 2013 and 2012 was \$2,833 and \$3,638, respectively. A provision for uncollectible promises to give was not recorded for the years ended June 30, 2013 and 2012.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**l) Property and Equipment**

The Foundation capitalizes acquisitions of property, furniture, equipment, and accounting software purchased with unrestricted funds in excess of \$5,000. Costs of property, furniture, equipment, and accounting software purchased with unrestricted funds that are less than \$5,000 are charged to an expense. The cost of these assets that is classified as program services expense is not capitalized by the Foundation as these assets are owned and used by departments of the LSU Health Sciences Center. Acquisitions of these assets with restricted private donations are also not capitalized by the Foundation as these assets belong to the State of Louisiana. Capitalized assets are carried at cost or, if donated, at the approximate fair value at the date of donation. As of June 30, 2013, all other furniture, equipment, and accounting software owned by the Foundation were purchased with restricted private donations and have not been capitalized. Accounting software is being depreciated over estimated useful lives of one to five years using a straight-line method.

**m) Expense Allocation**

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

**n) 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.

**o) Subsequent Events**

Subsequent events have been evaluated through August 16, 2013, the date the financial statements were available to be issued.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 3 - RESTRICTIONS ON ASSETS**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the LSU Health Sciences Center. The Foundation conducts numerous program services, including assistance with research, scientific endeavors, 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 4 - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Permanently restricted purposes	\$ 8,100	\$ 10,300
Less: unamortized discount	(917)	(1,531)
Less: allowance for uncollectible amounts	<u>(2,833)</u>	<u>(3,638)</u>
Net unconditional promises to give	<u>\$ 4,350</u>	<u>\$ 5,131</u>
Amount due in:		
Less than one year	\$ 1,200	\$ -
One to five years	6,000	3,200
Over five years	<u>900</u>	<u>7,100</u>
Total	<u>\$ 8,100</u>	<u>\$ 10,300</u>



**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 5 - INVESTMENTS**

As of June 30, 2013, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
U.S. Government Agency mortgage-backed securities	\$ 3,477,443	\$ 4,509,099	\$ 1,031,656
U.S. Government Agency bonds and notes	22,373,577	29,011,162	6,637,585
Corporate bonds and notes	5,064,407	6,566,868	1,502,461
Mutual funds and other equities	39,994,935	51,860,261	11,865,326
Hedge funds	6,061,679	7,860,001	1,798,322
Money market/certificates of deposit	<u>12,638,971</u>	<u>12,638,971</u>	-
Total	<u>\$ 89,611,012</u>	<u>\$ 112,446,362</u>	<u>\$ 22,835,350</u>

Investment return for the year ended June 30, 2013 is summarized as follows:

Interest and dividend income	\$ 3,259,414
Net realized and unrealized gains	<u>8,607,919</u>
Total investment income	<u>\$ 11,867,333</u>

As of June 30, 2012, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
U.S. Government Agency mortgage-backed securities	\$ 3,392,414	\$ 4,035,181	\$ 642,767
U.S. Government Agency bonds and notes	21,826,505	25,962,013	4,135,508
Corporate bonds and notes	4,940,573	5,876,673	936,100
Mutual funds and other equities	39,016,993	46,409,613	7,392,620
Hedge funds	5,913,460	7,033,894	1,120,434
Money market/certificates of deposit	<u>11,310,582</u>	<u>11,310,582</u>	-
Total	<u>\$ 86,400,527</u>	<u>\$ 100,627,956</u>	<u>\$14,227,429</u>

Investment return for the year ended June 30, 2012 is summarized as follows:

Interest and dividend income	\$ 4,578,568
Net realized and unrealized losses	<u>(3,102,025)</u>
Total investment income	<u>\$ 1,476,543</u>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 5 – INVESTMENTS (CONTINUED)**

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 to be 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 LSU Health Sciences Center, its present and anticipated financial requirements, expected total return on investments, price level trends and general economic conditions.

If any donor stipulates that realized and unrealized investment gains should not be spent on the restricted purpose for which a fund was originated, then such gains will be added to investment principal and will not be expendable in the future. No such stipulations were present at June 30, 2013.

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 Foundation invests in a hedge fund through its investment manager. The investment is a sophisticated, multi-strategy, multi-manager program designed to achieve an optimal balance of upside return potential and downside protection. The investment offers a diversified strategy protecting and preserving the Foundation's capital and a hedged equity strategy providing long-term capital growth. Both strategies also work to deliver risk-adjusted returns by capturing the market's return potential but with much less volatility. The portfolios are constructed using a time tested, disciplined methodology focused first on risk management. The managers then work to identify strategies within a framework and to develop relationships with investment managers. The fund has a demonstrated track record of superior performance in maintaining a highly disciplined and effective investment allocation decision process. The Foundation's objective is to maximize its returns related to this investment. The Foundation does not invest in individual hedge funds, but instead, monitors the activity and returns of the manager. The Foundation's investment committee continuously examines the returns of the manager to ensure the Foundation's investment objectives are reached. The result is a portfolio with a demonstrated ability to protect capital from loss in adverse market conditions and to produce superior risk-adjusted returns. The returns from this hedge fund are reported and posted quarterly reflecting the fair market value as of the reporting date. The earnings on the hedge fund are included in unrealized gains (losses) in the Statement of Activities. The fund's fair market value was \$7,860,001 and \$7,033,894 at June 30, 2013 and 2012, respectively.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Construction in progress	\$ 7,538,799	\$ 2,245,889
Land	<u>215,027</u>	<u>215,027</u>
Total non depreciable assets	<u>\$ 7,753,826</u>	<u>\$ 2,460,916</u>

The building owned and operated by the Foundation located at 2000 Tulane Avenue was heavily damaged by Hurricane Katrina on August 29, 2005 and was demolished during fiscal year 2010 (See Note 17).

**NOTE 7 - CONCENTRATION OF CREDIT RISKS**

The Foundation maintains its cash accounts in several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 and collateralized for greater amounts by agreement with some financial institutions. At June 30, 2013, the Foundation's balances are fully insured or collateralized.

**NOTE 8 - FUNDS HELD IN CUSTODY**

Under agreements with Louisiana State University Agricultural and Mechanical College (the "University"), the Foundation holds and manages funds received by the University as state matching funds for various accounts of the Eminent Scholars Endowed Chairs and the Endowed Professorship Programs. Funds held in custody were \$24,434,350 and \$21,857,951 on June 30, 2013 and 2012, respectively. The amount of state matching funds received was \$1,400,000 and \$80,000 for the fiscal years ended 2013 and 2012, respectively.

**NOTE 9 - ADVERTISING**

The Foundation advertises to promote its programs. The production costs of advertising are expensed as incurred. Advertising costs for the fiscal years ended June 30, 2013 and 2012 were \$143,405 and \$59,667, respectively.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 10 - BONDS PAYABLE**

The Foundation financed the renovation of a building (2000 Tulane Avenue) purchased on May 15, 2003 with bond proceeds of \$2,035,000 over a 20-year period through the LPFA Capital Facilities Pool Program. The bond issue is supported by a bank letter of credit. As discussed in Note 15, the building was heavily damaged by Hurricane Katrina on August 29, 2005 and during fiscal year 2010, the building was demolished. The Foundation reduced certain expenditures and as a result, has met the below described debt obligation for fiscal years ending 2006 through 2013 and believes it will be able to continue to do so even with the loss of the rental income from the building.

The Foundation issued bonds in January 2002 totaling \$2,035,000 with a variable interest rate. The interest rate for fiscal years 2013 and 2012 amounted to approximately 0.75% and 0.88%, respectively. The bond issuance costs of \$35,000 are being amortized over the life of the bonds beginning July 1, 2002. Bond amortization expense for each of the fiscal years ended June 30, 2013 and 2012 was \$1,591.

Unamortized bond issuance costs at June 30, 2013 and June 30, 2012 were \$17,499 and \$19,090, respectively. Bonds payable, net at June 30, 2013 and 2012 were \$1,097,501 and \$1,190,910, respectively.

The bond proceeds were used to finance the renovation of the building. Bond proceeds available at June 30, 2013 are held by a trustee in restricted cash accounts. Restricted cash at June 30, 2013 and 2012 totaled \$566,368 and \$231,095, respectively. Principal payments of \$95,000 and \$95,000 were made on the bond in the years ended June 30, 2013 and 2012, respectively. Interest was accrued and paid on the bonds in the amounts of \$8,406 and \$10,252 for the years ended June 30, 2013 and 2012, respectively.

The future maturities of bonds payable are as follows:

Years ending June 30:	
2014	\$ 95,000
2015	100,000
2016	105,000
2017	110,000
2018	115,000
2019-2022	<u>590,000</u>
Total	<u>\$ 1,115,000</u>

**NOTE 11 - RETIREMENT PLAN**

Effective July 1, 2002, the Foundation established a Tax Deferred Annuity or 403(b) Plan. The Foundation's total contributions expense was \$32,350 and \$30,058 as of June 30, 2013 and 2012, respectively, which is included in salaries and benefits.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 11 - RETIREMENT PLAN (CONTINUED)**

The Foundation contributes to the Louisiana State University Health Sciences Center Foundation 403(b) Plan, which is intended to be an ERISA Section 404(c) participant-directed plan. Participants exercise control over the assets in their accounts, which is funded exclusively through the purchase of annuity contracts for The Variable Annuity Life Insurance Company (VALIC). Employees are eligible to participate upon the date of employment. Under the Plan, the Foundation matches amounts contributed up to 6% of the employee's compensation only if the employee has completed a year of service and is at least 21 years of age.

**NOTE 12 - SPLIT-INTEREST AGREEMENTS**

The Foundation has entered into two (2) charitable gift annuity agreements. A charitable gift annuity provides for the payment of distributions to the grantor or designated beneficiaries over the trust's term. In consideration of the contribution, the Foundation shall pay an annual annuity of \$6,975 paid in quarterly installments to the donor so long as they are living. The Foundation's obligation will terminate upon the donor's death. The present value of the estimated future payments (\$54,679 at June 30, 2013) is calculated using a discount rate of 1.2% and the applicable mortality rates. The Foundation made payments to the donor in the amount of \$6,975 and \$6,795 for the years ended June 30, 2013 and 2012, respectively.

**NOTE 13 – ENDOWMENT COMPOSITION**

The Foundation manages endowments for the benefit of the LSU Health Sciences Center. These endowments consist of funds raised for memorials, scholarships and awards along with Chairs and Professorships as defined by the Louisiana Board of Regents. The State of Louisiana enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective August 15, 2010, the provisions of which apply to endowment funds existing on or established after that date. The Board of Regents also has a policy statement that applies to the management of the endowments that received matching funds through their program.

The Foundation's endowment includes donor-restricted funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed in UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 13 – ENDOWMENT COMPOSITION (CONTINUED)**

restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies. The Foundation further adheres to the policies adopted by the Louisiana Board of Regents and applies their Statement of Investment Policy and Objectives to the Foundation's management of Chairs and Professorships. This program allows for eligible public matching funds totaling 40% of established thresholds to be received after successfully raising 60% of the goal in private contributions. The public matching funds are shown as Funds Held in Custody on Statement of Financial Position. Increases (Decreases) in the endowment values below are due to changes in contributions received, investment earnings, matching funds received and spending allocations.

The Foundation's investment portfolio is actively managed by an independent management consultant under the specific direction of the Foundation's Investment Committee. The Foundation's internal investment policy allows for the growth of each endowment while also achieving a 5% maximum annual spending allocation. The goal is for each endowment to maintain an adequate purchasing power while also actively benefitting the needs of the program supported by a particular endowment.

The Foundation's Endowment Net Asset Composition by fund type as of June 30 is as follows:

	<u>2013</u>	<u>2012</u>
Temporarily restricted	\$ 25,464,503	\$ 20,103,710
Permanently restricted	<u>46,974,460</u>	<u>46,119,929</u>
Total endowment funds	<u>\$ 72,438,963</u>	<u>\$ 66,223,639</u>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 13 – ENDOWMENT COMPOSITION (CONTINUED)**

A summary of the changes in the Foundation’s Endowment net assets for the year ended June 30, 2013 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2012	\$ 20,103,710	\$ 46,119,929	\$ 66,223,639
Total investment return	9,570,120	-	9,570,120
Contributions	-	855,731	855,731
Allocations for spending	(4,267,543)	-	(4,267,543)
Other activity	<u>58,216</u>	<u>(1,200)</u>	<u>57,016</u>
Endowment net assets, June 30, 2013	<u>\$ 25,464,503</u>	<u>\$ 46,974,460</u>	<u>\$ 72,438,963</u>

A summary of the changes in the Foundation’s Endowment net assets for the year ended June 30, 2012 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2011	\$ 20,372,943	\$ 45,629,833	\$ 66,002,776
Total investment return	1,192,700	-	1,192,700
Contributions	-	490,096	490,096
Allocations for spending	(3,754,575)	-	(3,754,575)
Other activity	<u>2,292,642</u>	<u>-</u>	<u>2,292,642</u>
Endowment net assets, June 30, 2012	<u>\$ 20,103,710</u>	<u>\$ 46,119,929</u>	<u>\$ 66,223,639</u>

**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”) and FASB ASC 825, *Financial Instruments* (“ASC 825”) require disclosure of fair value information about financial instruments, whether or not recognized in the Statements of Financial Position. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Foundation’s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. ASC 825 excludes certain financial instruments from its disclosure requirements.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Level 1 classification is applied to any asset that has a readily available quoted price from an active market where there is significant transparency in the executed/quoted price.

Level 2 classification is applied to assets that have evaluated prices received from fixed income vendors with data inputs which are observable either directly or indirectly, but do not represent quoted prices from an active market for each individual security.

Level 3 classification is applied to assets for which prices are not derived from existing market data.

Investment securities - The fair value of investment securities including U.S. government agency mortgage-backed securities, U.S. government agency bonds and notes, corporate bonds and notes, hedge funds and mutual funds and other equities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quoted prices are not available, fair value is based on externally developed models that use unobservable inputs due to the limited market activity of the investment.

Money market/certificate of deposit - The fair value of money market accounts and certificates of deposit are the amounts payable on demand at the reporting date. The fair value is estimated by discounting the future cash flows using the market rates offered as of December 31 for similar deposits with the same remaining maturities.

Unconditional promises to give - The fair value of contributions is equal to the carrying value for contributions expected to be collected within one year. Contributions expected to be collected in future periods are discounted to present value based on management's assumptions.

Split interest agreements - The fair value of split interest agreements is based on the present value of estimated future payments based on management's assumptions.



**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The valuation of the Foundation's assets and liabilities measured at fair value on a recurring basis at June 30, 2013 and 2012 are as follows:

Fair value measurement at reporting date using above description:

*June 30, 2013*

<b>ASSETS</b>	Balance as of 6/30/2013	Level 1	Level 2	Level 3
Unconditional promises to give	\$ 4,350	\$ -	\$ -	\$ 4,350
U.S. government agency mortgage-backed securities	4,509,099	-	4,509,099	-
U.S. government agency bonds and notes	29,011,162	-	29,011,162	-
Corporate bonds and notes	6,566,868	6,566,868	-	-
Mutual funds and other equities	51,860,261	51,860,263	-	-
Hedge funds	7,860,001	-	7,860,001	-
Money market/certificates of deposit	12,638,971	-	12,638,971	-
Total	\$ 112,450,712	\$ 58,427,131	\$ 54,019,233	\$ 4,350

<b>LIABILITIES</b>	Balance as of 6/30/2013	Level 1	Level 2	Level 3
Split interest agreements	\$ 54,679	\$ -	\$ 54,679	\$ -
Total	\$ 54,679	\$ -	\$ 54,679	\$ -

The changes in investments measured at fair value for which the Foundation has used Level 3 inputs to determine fair values are as follows:

<b>ASSETS</b>	Level 3 beginning balance 7/1/2012	Net realized and unrealized gains (losses)	Net payments and gifts	Level 3 ending balance 6/30/2013
Unconditional promises to give	\$ 5,131	\$ (2,200)	\$ 1,419	\$ 4,350
Total	\$ 5,131	\$ (2,200)	\$ 1,419	\$ 4,350

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Fair value measurement at reporting date using above description:

*June 30, 2012*

<b>ASSETS</b>	Balance as of 6/30/2012	Level 1	Level 2	Level 3
Unconditional promises to give	\$ 5,131	\$ -	\$ -	\$ 5,131
U.S. government agency mortgage-backed securities	4,035,181	-	4,035,181	-
U.S. government agency bonds and notes	25,962,013	-	25,962,013	-
Corporate bonds and notes	5,876,673	5,876,673	-	-
Mutual funds and other equities	46,409,613	46,409,613	-	-
Hedge funds	7,033,894	-	7,033,894	-
Money market/certificates of deposit	11,310,582	-	11,310,582	-
<b>Total</b>	<b>\$ 100,633,087</b>	<b>\$ 52,286,286</b>	<b>\$ 48,341,670</b>	<b>\$ 5,131</b>

The changes in investments measured at fair value for which the Foundation has used Level 3 inputs to determine fair values are as follows:

<b>LIABILITIES</b>	Balance as of 6/30/2012	Level 1	Level 2	Level 3
Split interest agreements	\$ 57,735	\$ -	\$ 57,735	\$ -
Total	\$ 57,735	\$ -	\$ 57,735	\$ -

<b>ASSETS</b>	Level 3 beginning balance 7/1/2011	Net realized and unrealized gains (losses)	Net payments and gifts	Level 3 ending balance 6/30/2012
Unconditional promises to give	\$ 8,935	\$ (11,154)	\$ 7,350	\$ 5,131
Total	\$ 8,935	\$ (11,154)	\$ 7,350	\$ 5,131

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 15 – RESTRICTED NET ASSETS**

Unrestricted net assets may be designated by the Board of Directors for certain purposes. These funds are not considered donor restricted, carry no legal restrictions on spending by the Foundation, and may be undesignated by the Board at any time. The Board has designated the following unrestricted net assets as follows:

	<u>2013</u>	<u>2012</u>
Cardiovascular Center and Dean Support	\$ 5,500,000	\$ -

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2013</u>	<u>2012</u>
Awards	\$ 47,487	\$ 33,004
Chairs	16,746,228	13,159,315
General Endowments	(1,090,670)	(340,985)
Gift Annuities	(29,086)	(33,135)
Memorials	69,427	54,483
Professorships	7,216,838	5,507,809
Scholarships	1,792,841	1,535,954
Superchairs	1,571,596	1,071,991
Donor restrictions	<u>13,370,875</u>	<u>12,351,347</u>
Total temporarily restricted nets assets	<u>\$ 39,695,536</u>	<u>\$ 33,339,784</u>

Permanently restricted net assets are available for the following purposes or periods:

	<u>2013</u>	<u>2012</u>
Awards	\$ 39,565	\$ 24,565
Chairs	26,497,596	25,929,036
General Endowments	2,890,037	2,976,284
Gift Annuities	43,457	43,457
Memorials	99,435	99,435
Professorships	11,309,078	11,053,134
Scholarships	3,271,013	3,169,739
Superchairs	<u>2,824,278</u>	<u>2,824,279</u>
Total permanently restricted nets assets	<u>\$ 46,974,459</u>	<u>\$ 46,119,929</u>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2013 and 2012**

**NOTE 16- RELATED PARTY TRANSACTIONS**

In the normal course of business, the Foundation reimburses the LSU Health Sciences Center for certain expenses and makes distributions to or on behalf of the Health Sciences Center. The Foundation also provides certain services for the Health Sciences Center. Included in expenses for the year ended June 30, 2013 and 2012 are \$5,305,265 and \$3,805,708, respectively, which represents payments on behalf of the Health Sciences Center. At June 30, 2013 and 2012, there were no funds due to or from the Health Sciences Center.

**NOTE 17 - REPLACEMENT BUILDING**

During fiscal 2006, Hurricane Katrina heavily damaged the building (2000 Tulane Avenue) that housed the Foundation's offices. During fiscal 2010, the building was demolished and the resulting loss was recorded on the Foundation's Statement of Activities and the net cost of the building recorded on the Foundation's Statement of Financial Position was written off.

The Foundation has negotiated with the Federal Emergency Management Agency (FEMA) and received a project worksheet for \$7,469,668. Subsequent to June 30, 2013, construction of the new building has been completed substantially within budget. As of June 30, 2013 and 2012, the Foundation had \$7,538,799 and \$2,245,889, respectively, in construction in progress recorded on its Statement of Financial Position related to this building.

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND  
THE SINGLE AUDIT ACT**

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

Board of Directors  
The Foundation for the LSU Health Sciences Center  
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Foundation for the LSU Health Sciences Center (the “Foundation”) (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2013, and the related Statements of Activities, and Cash Flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

August 16, 2013

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

Board of Directors  
The Foundation for the LSU Health Sciences Center  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Foundation for the LSU Health Sciences Center’s (the “Foundation”) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Foundation’s major federal programs for the year ended June 30, 2013. The Foundation’s major federal programs are identified in the summary of the auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

August 16, 2013

**Foundation for the LSU Health Sciences Center  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

DESCRIPTION	CFDA NUMBER	FEDERAL AND OTHER EXPENDITURES
<b>DEPARTMENT OF HOMELAND SECURITY</b>		
Pass through the State of Louisiana:		
Governor's Office of Homeland Security and Emergency		
Preparedness		
Public Assistance Grant - Katrina 1603	97.036	\$ 5,422,677
TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>\$ 5,422,677</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 5,422,677</u>

See accompanying Note to Schedule of Expenditures of Federal Awards.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basic of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenue was recorded for financial reporting purposes when the Foundation has met the qualifications for the respective grant. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts are presented in, or used in the preparation of, the basic financial statements.

Accrued and Deferred Reimbursement

Timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year-end represented an excess of reimbursable expenditures over cash reimbursements received. Generally, accrued balances caused by differences in the timing of cash reimbursements and expenditures will be reversed in the remaining grant period.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2013**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unqualified opinion on the financial statements of the Foundation.
2. No control deficiencies were disclosed during the audit of the financial statements and reported in the *Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Foundation are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance with requirements applicable to major federal award programs for the Foundation expresses an unqualified opinion.
6. The auditors' report disclosed no findings that were required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. A management letter was not issued for the year ended June 30, 2013.
8. The program tested as a major program was:

	<u>CFDA No.</u>
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036
9. The threshold for distinguishing between type A and type B programs was \$300,000.
10. The Foundation was determined to be a high-risk auditee.

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings required to be reported in this section.

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

There were no findings required to be reported in this section.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER  
SUMMARY SCHEDULE OF PRIOR YEAR  
FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2013**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

None.

**SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL  
AWARD PROGRAMS**

None.

**SECTION III – MANAGEMENT LETTER**

A management letter was not issued in prior year.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2013**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

None.

**SECTION II- FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL  
AWARD PROGRAMS**

None.

**SUPPLEMENTAL INFORMATION REQUIRED  
BY THE STATE OF LOUISIANA**



**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**For the Year Ended June 30, 2013**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$	4,482,277
Restricted cash		-
Investments		25,496,761
Accounts receivable, net		419,891
Pledges receivable		1,200
Due from federal government		595,179
Deferred charges and prepaid expenses		-
Notes receivable		-
Other current assets		-
<b>Total current assets</b>		<u><u>30,995,308</u></u>

Noncurrent Assets:

Restricted assets:

Cash and cash equivalents		566,368
Investments		-
Other		-
Investments		86,949,601
Pledges receivable		3,150
Notes receivable		-
Property and equipment, net		7,753,826
Other noncurrent assets		-
<b>Total noncurrent assets</b>		<u><u>95,272,945</u></u>

<b>Total assets</b>	<b>\$</b>	<b><u><u>126,268,253</u></u></b>
---------------------	-----------	----------------------------------

**DEFERRED OUTFLOWS OF RESOURCES**

Accumulated decrease in fair value of hedging derivatives	<b>\$</b>	<b><u><u>-</u></u></b>
---	-----------	------------------------

<b>Total assets and deferred outflow of resources</b>	<b>\$</b>	<b><u><u>126,268,253</u></u></b>
---	-----------	----------------------------------

(Continued)

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**For the Year Ended June 30, 2013**

**LIABILITIES**

Current Liabilities:

Accounts payable and accrued liabilities	\$	808,527
Derivative instrument liability		-
Deferred revenues		-
Due to State Treasury		-
Amounts held in custody for others		-
Other liabilities		-
Current portion of long-term debt:		
Compensated absences payable		-
Capital lease obligations		-
Claims and litigation payable		-
Notes payable		-
Contracts payable		-
Reimbursement contracts payable		-
Bonds payable		95,000
Other liabilities		6,975
Total current liabilities		910,502

Long-Term Portion of Noncurrent Liabilities:

Compensated absences payable		-
Capital lease obligations		-
Claims and litigation payable		-
Notes payable		-
Contracts payable		-
Reimbursement contracts payable		-
Bonds payable		1,002,501
Other liabilities		24,482,054
Total noncurrent liabilities		25,484,555
<b>Total liabilities</b>		<b>26,395,057</b>

**DEFERRED INFLOWS OF RESOURCES**

Accumulated increase in fair value of hedging derivatives		-
<b>Total assets and deferred outflow of resources</b>	\$	<b>26,395,057</b>

**NET POSITION**

Invested in capital assets, net of related debt	\$	7,753,826
Restricted:		
Nonexpendable		46,974,459
Expendable		39,695,536
Unrestricted		5,449,375
<b>Total net position</b>		<b>99,873,196</b>

Total liabilities, deferred inflows of resources, and net position	\$	126,268,253
--	----	-------------

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGE IN NET POSITION**  
**For the Year Ended June 30, 2013**

	<u>Foundation for the LSUHSC</u>
<b>OPERATING REVENUES</b>	
Student tuition and fees	\$ -
Less scholarship allowances	-
Net student tuition and fees	-
Gifts received by foundations	4,694,516
Endowment income	-
Federal appropriations	-
Federal grants and contracts	5,422,677
State and local grants and contracts	-
Nongovernmental grants and contracts	1,411,543
Sales and services of educational departments	-
Hospital income	-
Auxiliary enterprise revenues (including revenues pledged to secure debt)	-
Less scholarship allowances	-
Net auxiliary revenues	-
Other operating revenues	362,443
<b>Total operating revenues</b>	<b>11,891,179</b>
 <b>OPERATING EXPENSES</b>	
Educational and general:	-
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Scholarships and fellowships	-
Auxiliary enterprises	-
Hospital	-
Other operating expenses	1,932,218
<b>Total operating expenses</b>	<b>1,932,218</b>
 <b>Operating Income (Loss)</b>	 <b>9,958,961</b>

(Continued)

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGE IN NET POSITION (CONTINUED)**  
**For the Year Ended June 30, 2013**

<b>NONOPERATING REVENUES (Expenses)</b>	
State appropriations	\$ -
Gifts	-
Federal nonoperating revenues (expenses)	-
ARRA revenues	-
Net investment income	10,690,934
Interest expense	-
Payment to or on behalf of University	(6,716,808)
Other nonoperating revenues (expenses)	-
<b>Net nonoperating revenues</b>	<u>3,974,126</u>
 <b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	 13,933,087
 Capital appropriations	 -
Capital gifts and grants	-
Additions to permanent endowments	854,530
Other additions, net	-
 <b>Increase in Net Position</b>	 <u>14,787,617</u>
 <b>Net Position at Beginning of Year</b>	 <u>85,085,579</u>
 <b>Net Position at End of Year</b>	 <u>\$ 99,873,196</u>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF ACTIVITIES - GASB**  
**For the Year Ended June 30, 2013**

Expenses	Charges for Services	Operating grants and contributions	Capital grants and contributions	Net (expense) revenue and change in net assets
\$ (8,649,026)	\$ 1,411,543	\$ 5,549,046	\$ 5,422,677	\$ 3,734,240

General Revenues:

State appropriations	\$ -
Grants and contributions not restricted to specific programs	-
Investment income	10,690,934
Miscellaneous	362,443
Special items	-
Total general revenues and special items	<u>11,053,377</u>
Change in net assets	14,787,617
Net assets , beginning of year	<u>85,085,579</u>
Net assets, end of year	<u><u>\$ 99,873,196</u></u>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF ACTIVITIES (FASB)**  
**For the Year Ended June 30, 2013**

**Changes in unrestricted net assets:**

Contributions	\$	10,351
Investment earnings (loss), net		2,297,213
Grants and contracts		5,422,677
Service fees		1,411,543
Other revenues		367,769
Total unrestricted revenues		9,509,553
Net assets released from restrictions:		
Reclassification in net assets due to change in law		-
Satisfaction of program expenses		6,716,808
Total unrestricted revenues and other support		16,226,361
Expenses:		
Amounts paid to benefit Louisiana State University for:		
Projects specified by donors		4,921,600
Projects specified by the Board of Directors		-
Other:		
Grants and contracts		1,581,972
Property operations		58,875
Other		154,361
Total program expenses		6,716,808
Supporting services:		
Salaries and benefits		704,005
Occupancy		33,901
Office operations		173,602
Travel		464
Professional services		571,136
Dues and subscriptions		67,689
Meetings and development		123,711
Depreciation		1,591
Other		256,119
Total supporting services		1,932,218
Fund-raising expenses		-
Total expenses		8,649,026
<b>Increase (decrease) in unrestricted net assets</b>		<b>7,577,335</b>

(Continued)

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**STATEMENT OF ACTIVITIES - FASB (CONTINUED)**  
**For the Year Ended June 30, 2013**

<b>Changes in temporarily restricted net assets:</b>	
Contributions	\$ 4,684,165
Investment earnings	8,393,721
Changes in value of split interest agreements	-
Other	(5,326)
Total temporarily restricted revenues	13,072,560
Net assets released from restrictions:	
Reclassification in net assets due to change in law	-
Satisfaction of program expenses	(6,716,808)
	6,355,752
 <b>Changes in permanently restricted net assets:</b>	
Contributions	854,530
Investment earnings	-
Other	-
Net assets released from donor restrictions	-
	854,530
 <b>Increase (decrease) in net assets</b>	 14,787,617
 <b>Net assets at beginning of year</b>	 85,085,579
 <b>Net assets at end of year</b>	 \$ 99,873,196

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO OTHER SUPPLEMENTAL INFORMATION**  
**REQUIRED BY THE STATE OF LOUISIANA**  
**For the Year Ended June 30, 2013**

**Note A. 15 Component Units - Discrete**

1. A brief description of the component unit including its relationship to the University; a discussion of the criteria for including it; how it is reported, and the nature and amount of significant transactions between the university and the component unit.

The Foundation for the LSU Health Sciences Center is a legally separate, tax-exempt organization supporting the LSU System, specifically the following campus: LSU Health Sciences Center. This foundation was included in the university's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended June 30, 2013, the Foundation for the LSU Health Sciences Center made distributions to or on behalf of the university for both restricted and unrestricted purposes in the amount of \$6,716,808

Complete financial statements for the Foundation for the LSU Health Sciences Center can be obtained from:

2000 Tulane Ave., New Orleans, LA 70112  
(mailing address)

or from the foundation's website at: [www.lsuhealthfoundation.org](http://www.lsuhealthfoundation.org)

The Foundation for the LSU Health Sciences Center is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the university's financial report for these differences.



**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER  
NOTES TO OTHER SUPPLEMENTAL INFORMATION (CONTINUED)  
REQUIRED BY THE STATE OF LOUISIANA  
For the Year Ended June 30, 2013**

Note C. 2 Investments and Custodial Credit Risk

Type of Investment	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure		Investment Maturities in Years (Debt Securities)						Total Maturities
	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Trust Dept. or Agent not in Entity's Name	Reported Amount on SNA	Fair Value	Less Than 1	1 - 5	6 - 10	11 - 20	21 -30	>30	
Repurchase agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Negotiable CDs	-	-	-	-	-	-	-	-	-	-	
U.S. Treasury Securities	-	-	-	-	-	-	-	-	-	-	
Other direct obligations of US	-	-	-	-	-	-	-	-	-	-	
U.S. Government Agency Securities:											
Bonds and Notes:											
Federal Home Loan Mortgage Corporation	-	-	-	-	-	-	-	-	-	-	
Federal National Mortgage Association	-	-	-	-	-	-	-	-	-	-	
Federal Home Loan Bank	-	-	-	-	-	-	-	-	-	-	
Federal Farm Credit Bank	-	-	-	-	-	-	-	-	-	-	
Farmer Agricultural Mortgage Corporation	-	-	-	-	-	-	-	-	-	-	
Collateralized Mortgage Obligations											
Federal National Mortgage Association	-	-	-	-	-	-	-	-	-	-	
Federal Home Loan Banks	-	-	-	-	-	-	-	-	-	-	
Federal Home Loan Banks	-	-	-	-	-	-	-	-	-	-	
Federal Home Loan Mortgage Corporation	-	-	-	-	-	-	-	-	-	-	
Government National Mortgage Association	-	-	-	-	-	-	-	-	-	-	
Mortgage Backed Securities											
Federal National Mortgage Association	-	-	-	-	-	-	-	-	-	-	
Federal Home Loan Mortgage Corporation	-	-	-	-	-	-	-	-	-	-	
Government National Mortgage Association	-	-	-	-	-	-	-	-	-	-	
Small Business Administration	-	-	-	-	-	-	-	-	-	-	
Corporate Debt obligation	-	-	-	-	-	-	-	-	-	-	
Municipal debt obligations	-	-	-	-	-	-	-	-	-	-	
Debt mutual funds	-	-	-	-	-	-	-	-	-	-	
Money market mutual funds	-	-	-	-	-	-	-	-	-	-	
Equity Mutual funds	-	-	-	-	-	-	-	-	-	-	
Investments held through foundations (total balance)	112,446,362	-	112,446,362	112,446,362	-	-	-	-	-	-	
Investments in external investment pools other than through foundations	-	-	-	-	-	-	-	-	-	-	
Common and preferred stock	-	-	-	-	-	-	-	-	-	-	
Other investments	-	-	-	-	-	-	-	-	-	-	
Realty investments	-	-	-	-	-	-	-	-	-	-	
Louisiana Public Facilities Authority	-	-	-	-	-	-	-	-	-	-	
LSU Housing Foundation	-	-	-	-	-	-	-	-	-	-	
New Orleans Regional Physician Hospital Organizatio	-	-	-	-	-	-	-	-	-	-	
HCN Investment Account	-	-	-	-	-	-	-	-	-	-	
<b>Total investments</b>	<b>\$ 112,446,362</b>	<b>\$ -</b>	<b>\$ 112,446,362</b>	<b>\$ 112,446,362</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO OTHER SUPPLEMENTAL INFORMATION**  
**REQUIRED BY THE STATE OF LOUISIANA (CONTINUED)**  
**For the Year Ended June 30, 2013**

<u>Component Unit(s)</u>	Balance 6/30/2012	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	Reclassifications of CIP	Retirements	Balance 6/30/2013
Capital assets not depreciated:							
Land	\$ 215,027	\$ -	\$ 215,027	\$ -	\$ -	\$ -	\$ 215,027
Non-depreciable land improvements	-	-	-	-	-	-	-
<b>Non-depreciable easements</b>	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
<b>Software - development in progress</b>	-	-	-	-	-	-	-
Construction in progress	2,245,889	-	2,245,889	5,292,910	-	-	7,538,799
Total capital assets not depreciated	<u>\$ 2,460,916</u>	<u>\$ -</u>	<u>\$ 2,460,916</u>	<u>\$ 5,292,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,753,826</u>
Other capital assets:							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Depreciable land improvements	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total buildings	-	-	-	-	-	-	-
Equipment (including library books)	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-	-
<b>Software (internally generated &amp; purchased)</b>	-	-	-	-	-	-	-
<b>Other intangibles</b>	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital asset summary:							
Capital assets not depreciated	\$ 2,460,916	\$ -	\$ 2,460,916	\$ 5,292,910	\$ -	\$ -	\$ 7,753,826
Other capital assets, book value	-	-	-	-	-	-	-
Total cost of capital assets	<u>2,460,916</u>	<u>-</u>	<u>2,460,916</u>	<u>5,292,910</u>	<u>-</u>	<u>-</u>	<u>7,753,826</u>
Accumulated depreciation/amortization	-	-	-	-	-	-	-
Capital assets, net	<u>\$ 2,460,916</u>	<u>\$ -</u>	<u>\$ 2,460,916</u>	<u>\$ 5,292,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,753,826</u>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO OTHER SUPPLEMENTAL INFORMATION**  
**REQUIRED BY THE STATE OF LOUISIANA (CONTINUED)**  
**For the Year Ended June 30, 2013**

**Note I. Bonds & notes payable & capital leases.**

	<u>Balance at June 30 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2013</u>	<u>Amounts due within one year</u>
<b>Notes &amp; bonds payable:</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	-	-	-	-	-
Bonds payable	1,210,000	-	95,000	1,115,000	-
Total bonds and notes payable	<u>1,210,000</u>	<u>-</u>	<u>95,000</u>	<u>1,115,000</u>	<u>-</u>
<b>Other liabilities:</b>					
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Pollution remediation obligations	-	-	-	-	-
Contracts payable	-	-	-	-	-
Reimbursement contracts payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
OPEB Payable	-	-	-	-	-
Total other liabilities	-	-	-	-	-
Total long-term liab	<u>\$ 1,210,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 1,115,000</u>	<u>\$ -</u>

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER  
NOTES TO OTHER SUPPLEMENTAL INFORMATION  
REQUIRED BY THE STATE OF LOUISIANA (CONTINUED)  
For the Year Ended June 30, 2013**

**SCHEDULE 1-A**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/12	(Redeemed) Issued	Principal Outstanding 6/30/2013 *	Interest Rates	Interest Outstanding 6/30/13	Maturities
<b><u>LSU HSC Foundation New Orleans</u></b>								
Equipment & Capital Facilities Pooled Loan Program	01/01/02	\$ 2,035,000	\$ 1,210,000	\$ (95,000)	\$ 1,115,000	variable	-	2012-2024
Revenue Bonds, Series 2002A	01/02/00							

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO OTHER SUPPLEMENTAL INFORMATION**  
**REQUIRED BY THE STATE OF LOUISIANA (CONTINUED)**  
**For the Year Ended June 30, 2013**

**Schedule 2-A: Schedule of Bonds Payable Amortization**

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 95,000	\$ 95,000	95,000
2015	100,000	100,000	100,000
2016	105,000	105,000	105,000
2017	110,000	110,000	110,000
2018	115,000	115,000	115,000
2019	120,000	120,000	120,000
2020	125,000	125,000	125,000
2021	130,000	130,000	130,000
2022	135,000	135,000	135,000
2023	80,000	80,000	80,000
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
Sub-total	1,115,000	-	1,115,000
Unamortized discount			-
Unamortized premiums			-
<b>TOTAL</b>	<b>\$ 1,115,000</b>	<b>\$ -</b>	<b>\$ 1,115,000</b>

List the terms by which interest rate changes for variable-rate debt:

Default interest rate is Prime Rate plus 2%.

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER**  
**NOTES TO OTHER SUPPLEMENTAL INFORMATION**  
**REQUIRED BY THE STATE OF LOUISIANA (CONTINUED)**  
**For the Year Ended June 30, 2013**

System Office Note 16: Restricted Net Assets - Component Units

	LSU Foundation	Tiger Athletic Foundation	HSC S Foundation	HSC N.O. Foundation
<b>Temporarily restricted:</b>				
Chairs and professorships	-	-	-	\$ 25,534,662
Scholarships and fellowships	-	-	-	1,792,841
Specific academic and research projects	-	-	-	-
Academic support	-	-	-	-
Capital outlay and improvements	-	-	-	-
Research support	-	-	-	-
Institutional support	-	-	-	87,828
Faculty - salary supplements	-	-	-	-
Donor restrictions	-	-	-	12,280,205
Restricted contributions receivable	-	-	-	-
Restricted accounts payable	-	-	-	-
Building funds	-	-	-	-
Educational studies program	-	-	-	-
 Total temporarily restricted	 \$ -	 \$ -	 \$ -	 \$ 39,695,536
<b>Permanently restricted</b>				
Chairs and professorships	-	-	-	40,630,952
Scholarships and fellowships	-	-	-	3,271,013
Specific academic and research projects	-	-	-	-
Academic support	-	-	-	-
Capital outlay and improvements	-	-	-	-
Research support	-	-	-	-
Institutional support	-	-	-	182,457
Endowment Funds	-	-	-	2,890,037
Educational studies program	-	-	-	-
Faculty - salary supplements	-	-	-	-
 Total permanently restricted	 \$ -	 \$ -	 \$ -	 \$ 46,974,459

**THE FOUNDATION FOR THE LSU HEALTH SCIENCES CENTER  
NOTES TO OTHER SUPPLEMENTAL INFORMATION  
REQUIRED BY THE STATE OF LOUISIANA (CONTINUED)  
For the Year Ended June 30, 2013**

System Note 25. Amounts Held in Custody for Others - Component Units

<u>Entity</u>	<u>LSU Foundation</u>	<u>Tiger Athletic Foundation*</u>	<u>LSU Health Sciences Center Foundation</u>	<u>LSUHSC New Orleans Foundation</u>	<u>Total</u>
LSU at Alexandria Foundation	\$ -	\$ -	\$ -	\$ -	\$ -
LSU at Eunice Foundation	-	-	-	-	-
State matching funds	-	-	-	24,434,350	24,434,350
Split-interest agreements	-	-	-	54,679	54,679
Tiger Athletic Foundation	-	-	-	-	-
Coaches escrow accounts/ affiliated chapters	-	-	-	-	-
LSU Athletic Department	-	-	-	-	-
Building tenant security deposits	-	-	-	-	-
Total temporarily restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,489,029</u>	<u>\$ 24,489,029</u>