

**LOUISIANA CANCER RESEARCH CENTER
OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE
HEALTH SCIENCES CENTER**

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2021

**CASCIO & SCHMIDT, LLC
Certified Public Accountants**

**LOUISIANA CANCER RESEARCH CENTER
OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE
HEALTH SCIENCES CENTER**

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CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Louisiana Cancer Research Center of L.S.U. Health Sciences Center
in New Orleans/Tulane Health Sciences Center

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center, a nonprofit organization and component unit of the State of Louisiana, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 controls 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of revenues and expenses by program on page 24, the schedule of compensation, benefits and other payments to agency head on page 25, are presented for the purpose of additional analysis and are not a required part of the financial statements. The Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report on pages 31 through 40 is also presented for the purpose 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 September 27, 2021, on our consideration of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Louisiana Cancer Research Center of L.S. U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting and compliance.

Cassio & Schmidt, LLC

Metairie, Louisiana
September 27, 2021

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**STATEMENT OF FINANCIAL POSITION
June 30, 2021**

	<u>June 30, 2021</u>	<u>Summarized Comparative Information June 30, 2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents (Note B)	\$ 35,180,537	\$ 23,517,025
Investments (Notes A-10, C and K)	13,560,086	13,388,907
Receivables:		
Grants receivable (Note E)	35,722	5,458,861
Lease receivables	-	2,508,453
Other	<u>47,941</u>	<u>21,820</u>
Total receivables	83,663	7,989,134
Prepaid expenses	<u>89,648</u>	<u>75,255</u>
Total Current Assets	48,913,934	44,970,321
NON-CURRENT ASSETS		
Security deposits	52,400	52,400
Property and equipment, net (Notes A-12 and F)	<u>83,172,894</u>	<u>86,415,429</u>
Total Non-current Assets	<u>83,225,294</u>	<u>86,467,829</u>
TOTAL ASSETS	\$ <u>132,139,228</u>	\$ <u>131,438,150</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 3,714,811	\$ 4,631,607
Accrued liabilities	2,654	2,165
Current portion of long-term liabilities, accrued compensated absences (Note G)	<u>55,378</u>	<u>45,996</u>
Total Current Liabilities	<u>3,772,843</u>	<u>4,679,768</u>
NON-CURRENT LIABILITIES		
Non-current portion of long-term liabilities, accrued compensated absences (Note G)	<u>63,032</u>	<u>59,760</u>
Total Liabilities	<u>3,835,875</u>	<u>4,739,528</u>
NET ASSETS		
Without donor restrictions	5,213,198	4,530,784
With donor restrictions (Note H)	<u>123,090,155</u>	<u>122,167,838</u>
Total Net Assets	<u>128,303,353</u>	<u>126,698,622</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>132,139,228</u>	\$ <u>131,438,150</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

	<u>FOR THE YEAR ENDED JUNE 30, 2021</u>			Summarized Comparative Information June 30, 2020
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
REVENUE, SUPPORT AND GRANTS				
Operating support and grants (Note E)	\$ -	\$ 14,922,104	\$ 14,922,104	\$ 13,931,811
Lease income	3,941,579	-	3,941,579	3,525,619
Fundraising and gifts	18,750	-	18,750	151,536
Investment income and other interest, net	1,848	209,131	210,979	877,509
Other Income	165,978	-	165,978	65,709
Net assets released from restrictions (Note H)	<u>14,208,918</u>	<u>(14,208,918)</u>	<u>-</u>	<u>-</u>
 Total Revenues, Support, and Grants	 <u>18,337,073</u>	 <u>922,317</u>	 <u>19,259,390</u>	 <u>18,552,184</u>
EXPENSES				
Program Services				
Research program	9,101,092	-	9,101,092	8,903,867
Cessation program	3,725,010	-	3,725,010	4,675,190
Louisiana Cancer Strategy program	-	-	-	25,570
	<u>12,826,102</u>	<u>-</u>	<u>12,826,102</u>	<u>13,604,627</u>
Supporting Services				
Management and general	4,813,674	-	4,813,674	4,860,492
Fund-raising	14,883	-	14,883	61,982
	<u>4,828,557</u>	<u>-</u>	<u>4,828,557</u>	<u>4,922,474</u>
 Total Expenses	 <u>17,654,659</u>	 <u>-</u>	 <u>17,654,659</u>	 <u>18,527,101</u>
 INCREASE IN NET ASSETS	 682,414	 922,317	 1,604,731	 25,083
 NET ASSETS, BEGINNING OF YEAR	 <u>4,530,784</u>	 <u>122,167,838</u>	 <u>126,698,622</u>	 <u>126,673,539</u>
 NET ASSETS, END OF YEAR	 \$ <u>5,213,198</u>	 \$ <u>123,090,155</u>	 \$ <u>128,303,353</u>	 \$ <u>126,698,622</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021**

FOR THE YEAR ENDED JUNE 30, 2021

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>Summarized Comprehensive Information June 30, 2020</u>	
	<u>Cancer Research Program</u>	<u>Cessation Program</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		<u>Total Expenses</u>
EXPENSES								
Direct salaries	\$ -	\$ -	\$ -	\$ 890,178	\$ 6,000	\$ 896,178	\$ 896,178	\$ 843,007
Direct taxes and benefits	-	-	-	231,374	-	231,374	231,374	216,345
Professional services	-	-	-	295,897	-	295,897	295,897	350,623
Operating services	-	-	-	3,338,737	-	3,338,737	3,338,737	3,389,876
Supplies	-	-	-	51,472	-	51,472	51,472	62,751
Travel and meeting expenses	-	-	-	(251)	480	229	229	7,152
Depreciation and amortization	3,380,562	-	3,380,562	5,103	-	5,103	3,385,665	3,360,757
Other expenses	-	-	-	1,164	5,073	6,237	6,237	38,095
Research expenses - Universities	5,720,530	-	5,720,530	-	-	-	5,720,530	5,543,110
Cessation expenses - LPHI	-	3,725,010	3,725,010	-	-	-	3,725,010	4,675,190
Fundraising expenses	-	-	-	-	3,330	3,330	3,330	40,195
Total Expenses	\$ 9,101,092	\$ 3,725,010	\$ 12,826,102	\$ 4,813,674	\$ 14,883	\$ 4,828,557	\$ 17,654,659	\$ 18,527,101

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**STATEMENT OF CASH FLOWS
Year Ended June 30, 2021**

	<u>June 30, 2021</u>	<u>Summarized Comparative Information June 30, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grant receipts	\$ 20,345,243	\$ 16,305,311
Lease receipts	6,450,032	3,465,637
Fundraising receipts	18,750	151,536
Other receipts	139,857	72,150
Interest on cash and savings	39,800	197,249
Payment to employees for wages & benefits	(1,351,498)	(1,245,980)
Payments to vendors and suppliers	<u>(13,835,542)</u>	<u>(11,975,571)</u>
Net Cash Provided by Operating Activities	<u>11,806,642</u>	<u>6,970,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(143,130)	(1,546,655)
Interest earned on investments, net of fees	343,631	276,507
Investment income reinvested	<u>(343,631)</u>	<u>(276,507)</u>
Net Cash Used in Investing Activities	<u>(143,130)</u>	<u>(1,546,655)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	11,663,512	5,423,677
Cash and Cash Equivalents at Beginning of Year	<u>23,517,025</u>	<u>18,093,348</u>
Cash and Cash Equivalents at End of Year	\$ <u>35,180,537</u>	\$ <u>23,517,025</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**STATEMENT OF CASH FLOWS
Year Ended June 30, 2021**

	<u>June 30, 2021</u>	Summarized Comparative Information <u>June 30, 2020</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities		
Increase in net assets	\$ <u>1,604,731</u>	\$ <u>25,083</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Add back depreciation	3,385,665	3,360,757
(Increase) decrease in assets:		
Investments	(171,179)	(680,260)
Receivables, grants	5,423,139	2,373,500
Receivables, leases	2,508,453	(59,982)
Receivables, other	(26,121)	6,441
Prepaid expenses	(14,393)	681
Security deposits	-	-
Increase (decrease) in liabilities:		
Accounts payable	(916,796)	1,933,463
Accrued liabilities	489	1,039
Accrued compensated absences	<u>12,654</u>	<u>9,610</u>
Total adjustments	<u>10,201,911</u>	<u>6,945,249</u>
Net Cash Provided by Operating Activities	\$ <u>11,806,642</u>	\$ <u>6,970,332</u>
Non-cash Transactions		
Unrealized gain (loss) on investments	\$ (172,452)	\$ 403,753

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (the "Center") was incorporated June 7, 2002 under the laws of the State of Louisiana.

The Center was organized for charitable, educational and scientific purposes. The primary purpose is to conduct and support research and promote education in the diagnosis, detection and treatment of cancer in the pursuit of obtaining the National Cancer Institute designation for its member institutions, the Louisiana State University Health Sciences Center in New Orleans, the Tulane University Health Sciences Center, Xavier University of Louisiana and Ochsner Health System. The Center is controlled by a Board of Directors. Six of the members are representatives of the member institutions.

The Center is supported by various types of support, grants, and contributions from various sources. Its primary support comes from the State of Louisiana in the form of tobacco tax allocations to support tobacco research and cessation programs. The Center has also received state capital outlay grants from the State of Louisiana for facility construction and major equipment purchases. Other small Federal Grants are occasionally received for specific cancer related projects. The Center also supports its operations by charging lease income to some of its partner universities for utilizing facility space. Finally the Center holds fundraising activities during the year and receives charitable donations from corporations and citizens supporting its efforts.

2. Basis of Accounting

The Center's statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. Basis of Accounting - Continued

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors are considered donor restricted. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donations of property and equipment are recorded at their estimated fair value at the date of donation.

3. Income Tax Status

The Center is a not-for profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code and is exempt from Louisiana income tax under the authority of Louisiana Revenue Statute (R.S.) 47:121(5). Accordingly, no provision for income taxes has been reported. The Center has adopted the provision of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The Center does not believe its financial statements include any uncertain tax positions.

4. Contributions:

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

5. Measure of Operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Center’s ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Reporting Entity

Using the criteria outlined in GASB Codification Section 2100, *The Financial Reporting Entity*, as amended, the Center is included as a component unit of the State of Louisiana. The Center is considered a component unit of the State of Louisiana because it has been determined that exclusion of the Center from the State's financial reporting entity would render the State of Louisiana's financial statement to be misleading or incomplete, and because public service is rendered within the state's boundaries.

Annually, the State of Louisiana issues a comprehensive report, which includes the activity contained in the accompanying financial statements. The financial statements are issued by the Office of Statewide Reporting and Accounting Policy (OSRAP) and audited by the Louisiana Legislative Auditor. The accompanying financial statements present information only as to the transactions of the Center as authorized by Louisiana statutes and administrative regulations.

7. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved grant agreements. Contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, and when grant services are performed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

8. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses are allocated on a reasonable basis that is consistently applied.

9. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Center considers all investments with original maturities of three months or less to be cash equivalents.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

10. Investments

The Center accounts for investments under Statement of Financial Accounting Standards ASC 958, *Accounting for Certain Investments Held by Not for-Profit Organizations*. Under ASC 958, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statements of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees, which fees amounted to \$32,247 for the year ended June 30, 2021.

11. Receivables

The Center considers receivables to be fully collectible, since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

12. Property and Equipment

Capital assets with a cost of \$5,000 or more are reported at cost, net of accumulated depreciation, on the Statement of Financial Position. Repairs and maintenance are expensed as incurred. Deprecation is computed using the straight-line method over the estimated useful lives as follows:

<u>Description</u>	<u>Years</u>
Building and improvements	40
Research and building equipment	7
Office furniture and equipment	5-7

Estimated useful life is management's estimate of how long the asset is estimated to meet service demands.

13. Estimates

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

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

14. Subsequent Events

Subsequent events have been evaluated by management from June 30, 2021 through September 27, 2021, the date the financial statements were available to be issued, and has determined that no material events or transactions occurred subsequent to June 30, 2021.

15. Summarized Comparative Information

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - CASH

At June 30, 2021, the Center's cash and cash equivalents totaled \$35,180,537. The bank balance of these deposits with financial institutions totaled \$36,018,568, and were covered by federal depository insurance, or collateralized by securities in the Center's name held by the Federal Reserve Bank.

NOTE C - INVESTMENTS

At June 30, 2021, investments of \$13,560,086, consisted of government bonds amounting to \$12,949,635 and money market sweep funds of \$610,451.

	<u>Fair Market Value</u>	<u>Cost</u>
Investments:		
Research	\$ 2,202,066	\$ 2,163,187
Cessation	3,345,350	3,235,684
Maintenance Reserve Account (Note F)	<u>8,012,670</u>	<u>7,825,443</u>
Total investments	<u>\$ 13,560,086</u>	<u>\$ 13,224,314</u>

Investment income/interest for the year consists of the following:

Interest income, savings accounts	\$ 39,799
Investment income, net of broker fees	343,632
Unrealized gains (losses)	(172,452)
	<u>\$ 210,979</u>

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE D - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 35,180,537
Investments (excluding the MRA account)	5,547,416
Grants receivable	35,722
Accounts receivable - other	47,941
Prepaid expenses	<u>89,648</u>
	<u>\$ 40,901,264</u>

The Center's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center's cash deposits in financial institutions are in interest bearing accounts.

NOTE E - GRANTS RECEIVABLE AND REVENUE

Grants receivable and revenue consisted of the following at
June 30, 2021:

	<u>Receivable</u>	<u>Revenue</u>
Louisiana Department of the Treasury - Cancer Research	\$ -	\$ 10,247,972
Louisiana Department of the Treasury - Cessation Program	<u>-</u>	<u>4,671,981</u>
Total Louisiana Department of the Treasury	-	14,919,953

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE E - GRANTS RECEIVABLE AND REVENUE - Continued

	<u>Receivable</u>	<u>Revenue</u>
Department of Economic Development and Office of Facility Planning and Control - Cooperative Endeavor Agreement - State capital outlay	35,722	-
Louisiana State University Health Sciences Center in New Orleans - National Cancer Institute	<u>-</u>	<u>2,151</u>
Total	\$ <u>35,722</u>	\$ <u>14,922,104</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Building	\$ 100,163,680
Building equipment	71,444
Research equipment	11,795,707
Office furniture and equipment	<u>1,748,107</u>
Total	113,778,938
Less: accumulated depreciation	<u>(31,277,852)</u>
Total property and equipment, net	82,501,086
Land	<u>671,808</u>
Total property and equipment	\$ <u>83,172,894</u>

Depreciation expense for the year ended June 30, 2021 amounted to \$3,385,665.

Maintenance Reserve Account

A Maintenance Reserve Account (MRA) is required to fund major maintenance, repair and replacements and is funded by annual deposits into the MRA of one and a half percent (1.5%) of the original construction cost for the building. The fully funded MRA shall have at minimum of 10% of the original construction cost. Said amount may be adjusted with the consent of the Center, LSU and the Board of Regents. The Center shall be the custodian of the MRA and shall have the right to expend the funds therein for major maintenance, repairs and replacements. Following termination of the land lease (Ground Lease) for any reason, if title to the Building and all other improvements transfers to LSU, one hundred percent (100%) of all maintenance reserves transfer to LSU. The fully funded balance in the MRA at June 30, 2021 was \$8,012,670.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE G - COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay at the time of termination. The compensated absences liability is reported as a long-term liability, \$63,032, with a portion, \$55,378 expected to be paid within one year reported as a current liability. At June 30, 2021, the Center had accrued compensated absences of \$118,410.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consists of the following:

Subject to expenditure for a specified purpose:	
Cancer research program	\$ 25,092,990
Cessation program	6,811,601
Maintenance Reserve Account	<u>8,012,670</u>
	<u>39,917,261</u>
 Not subject to appropriation or expenditure:	
Capital assets, including building and equipment, to be used by the Center	<u>83,172,894</u>
Total net assets with donor restrictions	<u>\$ 123,090,155</u>

Releases from a donor restricted net assets for 2021 are as follows:

Releases from restrictions:	
Subject to expenditure for a specified purpose:	
Cancer research program	\$ 10,161,850
Cessation program	4,044,917
Federal Grant - Understanding Cancer Health	<u>2,151</u>
	<u>\$ 14,208,918</u>

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE I - RETIREMENT PLANS

All full-time Center employees are eligible to participate in a 403 (b) retirement plan. The existing 403 (b) plan is a tax-sheltered annuity (TSA) plan, currently administered by TIAA-CREF. Although eligible employees are not required to participate in the Plan, contributions are made by the Center as part of the established benefit package at a rate of 3%. The Plan also allows for additional employee contributions with an employer match of up to 6% of the employee's annual compensation. The Center's (i.e. employer) contributions to the Plan for the year ended June 30, 2021 amounted to \$83,353.

In addition to the 403(b) plan discussed above, the Center offers a 457(b) Eligible Deferred Compensation Plan (the "plan") for the benefit of its Executive created in accordance with Internal Revenue Code (IRC) Section 457(b). The plan permits the participating employee to defer a portion of their salary until further years and/or for the employer to provide deferrals on the employee's behalf. The deferred compensation is not available to the employee until termination, retirement, death, or an unforeseeable emergency. The Center's (i.e., employer) contribution to the plan for the year ended June 30, 2021 amounted to \$14,000.

In 1996, the U.S. Congress passed the Small Business Job Protection Act of 1996, which requires that the employer place all amounts deferred under IRC Section 457(b) into a trust for the exclusive benefit for participants and their beneficiaries. The Center complies with the requirements of the Act. Thus, the Center does not have "ownership" of the plan assets and they are not reported in the Center's financial statements. All assets are managed by the Plan's trustee (Cuna Mutual Group). The choice of the investment option(s) are made by the Plan participants.

NOTE J - LEASES

Land Lease

The Center's building is on land leased from the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The lease was executed on February 18, 2008, and has a lease term of fifty (50) years. At the end of the lease term or upon termination for any reason, to the extent allowed by Applicable Law, title to the Building and all improvements, will transfer to LSU. The annual rental amount is \$129,174, payable in quarterly installments of \$32,293.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE J - LEASES - Continued

The following is a schedule, by year, of future minimum lease payment required under the operating lease:

Year ending <u>June 30,</u>	<u>Amount</u>
2022	\$ 129,174
2023	129,174
2024	129,174
2025	129,174
2026	129,174
Thereafter	<u>4,086,116</u>
Total minimum lease payments	\$ <u>4,731,986</u>

The land lease expense for the year ended June 30, 2021 amounted to \$129,174.

NOTE K - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), as set forth in FASB ASC 820-10, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of the following three categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE K - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following tables set forth, by level within the fair value hierarchy, the Center's financial instruments at fair value as of June 30, 2021.

		<u>Fair value Measurement of Reporting Date</u>		
		Quoted Prices in Active Markets for Identical Assets (<u>Level 1</u>)	Significant Other Observable Inputs (<u>Level 2</u>)	Significant Unobservable Inputs (<u>Level 3</u>)
Financial Assets:				
Investments				
Cash (Money market)	\$ 610,451	\$ 610,451	\$ -	\$ -
Government Bonds	<u>12,949,635</u>	<u>-</u>	<u>12,949,635</u>	<u>-</u>
	<u>\$ 13,560,086</u>	<u>\$ 610,451</u>	<u>\$ 12,949,635</u>	<u>\$ -</u>

The assumptions to fair values are as follows:

Fixed income securities are priced by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value.

NOTE L - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board, therefore, no compensation was paid to any board member during the year ended June 30, 2021.

NOTE M - COVID - 19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Center's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Center is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ending June 30, 2021.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE N - ECONOMIC DEPENDENCY

The Center received seventy-seven (77) percent of its revenue from funds provided by the State of Louisiana during the year ended June 30, 2021. The operations of the Center are primarily funded by statutorily dedicated tobacco tax proceeds. Any significant reduction in sales of tobacco products will adversely affect the operations of the Center.

NOTE O - RELATED PARTIES

There are four partner institutions that comprise the Cancer Center, which include LSU Health Sciences Center in New Orleans (LSUHSC), Tulane University Health Sciences Center (TUHSC), Xavier University of Louisiana (XULA), and Ochsner Health System (OHS).

Lease/Occupancy Agreements

In the year ended, June 30, 2012 the Center completed the construction of the Louisiana Cancer Research Center ("Cancer Center"). The Cancer Center was constructed to house cancer researchers from the member institutions in order to foster integration of the cancer research programs which supplement the Center's primary function of conducting research and promoting education in the diagnosis, detection and treatment of cancer, in its pursuit of obtaining National Cancer Institute (NCI) designation. As a provision of the Occupancy Agreements between the Center and its partner institutions, each institution ("User") will occupy certain space in the Cancer Center, whereas the User space will be allocated costs based on a sharing of the total operating costs ("User Share"). The Center provides such space to Users without the requirement that User's remit funds so long as the User occupies the space as permitted within the agreements and pursuant to Louisiana R.S. 17:1921 et seq, however, under certain conditions, the User will make cash payments for all or a portion of its User Share.

The Center replaced the occupancy agreement with TUHSC with a lease agreement effective July 1, 2019. The agreement effective July 1, 2019 and continues for a term of eleven years. TUHSC has the option to renew for two additional ten year terms, unless TUHSC gives written notice to the Center 60 days prior to the end of any ten year term. Under no case shall the cumulative term and renewals exceed the term of the Ground Lease. For the year ended June 30, 2021, TUHSC was billed a total of \$1,566,928, which is included in lease income on the Statement of Activities. There are no amounts due on this lease at year end.

The Center replaced the occupancy agreement with LSUHSC with a lease agreement effective July 1, 2018. The agreement commenced on July 1, 2018 and continues for a term of twelve years. LSUHSC has the option to renew for two additional ten year terms, unless LSUHSC gives written notice to the Center 60 days prior to the end of any ten year term. Under no case shall the cumulative term and renewals exceed the term of the Ground Lease. For the year ended June 30, 2021, LSUHSC was billed a total of \$2,318,531, which is included in lease income on the Statement of Activities. There are no amounts due on this lease at year end.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE O - RELATED PARTIES - Continued

Lease/Occupancy Agreements - Continued

The Center replaced the occupancy agreement for XULA with a lease agreement effective July 1, 2019. The agreement commenced on July 1, 2019 and continues for a term of eleven years. XULA has the option to renew for two additional ten year terms, unless XULA give written notice to the Center 60 days prior to the end of any ten year term. Under no case shall the cumulative term and renewals exceed the term of the Ground Lease. For the year ended June 30, 2021, XULA was billed a total of \$56,120, which is included in lease income on the Statement of Activities. There are no amounts due on this lease at year end.

Operating Costs of Shared Programs

The Center works in tandem with its partner institutions for the development and administration of cancer research and smoking cessation programs. Transfer of funds to these partners is governed by fully executed operating agreements and/or grant agreements approved the Center's Board each year. The following information outlines these relations and agreements.

LSU Health Sciences Center in New Orleans

As management, two members of the LSUHSC are on the governing board of the Center. The Chancellor for LSUHSC served as the Center's Vice Chairman of the Board for the year ended June 30, 2021. The Chairman position rotates between the LSUHSC and TUHSC leaders as required by statute. The other LSUHSC position was held by the Professor and Department Head for the Department of Genetics for LSU School of Medicine.

As grantee, the LSUHSC is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to LSUHSC for the program is governed by a fully executed operating agreement and/or grant agreement which includes an annual budget submitted by LSUHSC and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year totaled \$1,263,826, and the amount due to LSUHSC at year-end was \$66,495, which is included in accounts payable.

LSUHSC through its auxiliary stores and contract services, conveniently and economically provides goods and services (including research equipment, office and computer supplies and information technology-related services) to the Center, which supports the mission of the Center. LSUHSC auxiliary stores also acts as the Center's agent for the procurement of certain research equipment on behalf of the Center. The total amount billed by LSUHSC for goods and services provided to the Center totaled \$381,824 during the fiscal year and the amount due to LSUHSC at year-end was \$4,423, which is included in accounts payable.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
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**NOTES TO FINANCIAL STATEMENTS - Continued
June 30, 2021**

NOTE O - RELATED PARTIES - Continued

Tulane University Health Sciences Center

As management, two members of TUHSC are on the governing board of the Center. TUHSC's Senior Vice President and Dean for the School of Medicine served as the Center's Chairman of the Board for the fiscal year ended June 30, 2021. The other TUHSC position was held by the Medical Director and Assistant Dean for Oncology for the Tulane Cancer/Medical Center.

As grantee, TUHSC is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to TUHSC for the program is governed by a fully executed operating agreement which includes an annual budget submitted by TUHSC and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year totaled \$2,983,179, and the amount due to TUHSC at year-end was \$921,798, which is included in accounts payable.

Xavier University of Louisiana

As management, one member of XULA is on the governing board of the Center. XULA's Special Assistant to the President served as Board member for the Center's Board for the fiscal year ended June 30, 2021.

As grantee, XULA is allocated Center funding support for program development (part of the mission of the Center). Transfer of funds to XULA for the program is governed by a fully executed operating agreement, which includes an annual budget submitted by XULA and approved by the Center's Board. The total amount billed to the Center for services rendered during the fiscal year was \$735,144 and the amount due to XULA at year-end was \$242,487, which is included in accounts payable.

Ochsner Health System

As management, one member of OHS is on the governing board of the Center. OHS's Executive Vice President and Chief Academic Officer served as members of the Center's Board for the fiscal year ended June 30, 2021. The total amount billed to the Center for services rendered during the fiscal year was \$249,999. There were no amounts due to OHS at year-end.

SUPPLEMENTAL INFORMATION

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

**STATEMENT OF REVENUES AND EXPENSES BY PROGRAM
For the Year Ended June 30, 2021**

	<u>Cancer Research Program</u>	<u>Cessation Program</u>	<u>Fund Raising</u>	<u>Property and Equipment</u>	<u>Total</u>
REVENUES, SUPPORT AND GRANTS					
Operating support and grants	\$ 10,250,123	\$ 4,671,981	\$ -	\$ -	\$ 14,922,104
Lease income	3,941,579	-	-	-	3,941,579
Fundraising	-	-	18,750	-	18,750
Other income	<u>165,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,978</u>
Revenues, Support and Grants	<u>14,357,680</u>	<u>4,671,981</u>	<u>18,750</u>	<u>-</u>	<u>19,048,411</u>
EXPENSES					
Direct salaries	721,540	168,638	6,000	-	896,178
Direct taxes and benefits	193,816	37,558	-	-	231,374
Professional services	294,022	1,875	-	-	295,897
Operating services	3,226,901	111,836	-	-	3,338,737
Supplies	51,472	-	-	-	51,472
Travel & meeting expenses	(251)	-	480	-	229
Depreciation and amortization	5,103	-	-	3,380,562	3,385,665
Other expenses	1,164	-	5,073	-	6,237
Research expenses - Universities	5,720,530	-	-	-	5,720,530
Cessation expenses - LPHI	-	3,725,010	-	-	3,725,010
Fundraising expenses	-	-	3,330	-	3,330
Capitalized property and equipment	<u>138,027</u>	<u>-</u>	<u>-</u>	<u>(138,027)</u>	<u>-</u>
Total Expenses	<u>10,352,324</u>	<u>4,044,917</u>	<u>14,883</u>	<u>3,242,535</u>	<u>17,654,659</u>
NON-OPERATING REVENUE					
(EXPENSES)					
Investment returns	293,487	88,096	1,848	-	383,431
Unrealized gains (losses) on investments	<u>(133,331)</u>	<u>(39,121)</u>	<u>-</u>	<u>-</u>	<u>(172,452)</u>
Total Non-operating Revenue	<u>160,156</u>	<u>48,975</u>	<u>1,848</u>	<u>-</u>	<u>210,979</u>
Increase (Decrease) in Net Assets					
Assets	4,165,512	676,039	5,715	(3,242,535)	1,604,731
Net assets, beginning of year	<u>33,094,031</u>	<u>6,135,562</u>	<u>1,053,600</u>	<u>86,415,429</u>	<u>126,698,622</u>
Net assets, end of year	<u>\$ 37,259,543</u>	<u>\$ 6,811,601</u>	<u>\$ 1,059,315</u>	<u>\$ 83,172,894</u>	<u>\$ 128,303,353</u>
Net Assets at End of Year					
Donor Restricted For:					
Capital Assets	\$ -	\$ -	\$ -	\$ 83,172,894	\$ 83,172,894
Purpose restrictions only					
Grant agreements	25,092,990	6,811,601	-	-	31,904,591
Maintenance reserve account	8,012,670	-	-	-	8,012,670
Unrestricted	<u>4,153,883</u>	<u>-</u>	<u>1,059,315</u>	<u>-</u>	<u>5,213,198</u>
	<u>\$ 37,259,543</u>	<u>\$ 6,811,601</u>	<u>\$ 1,059,315</u>	<u>\$ 83,172,894</u>	<u>\$ 128,303,353</u>

LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD

For the Year Ended June 30, 2021

Agency Head Name: - Sven Davisson
Position: Chief Administrative Officer

Salary	\$ 296,273
Payroll taxes	\$ 13,981
Insurance benefits: health, life, dental, disability	\$ 11,855
Retirement benefits	\$ <u>34,171</u>
	\$ <u>356,280</u>

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

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*

To the Board of Directors
Louisiana Cancer Research Center of L.S.U. Health Sciences Center
in New Orleans/Tulane Health Sciences Center

We have audited, in accordance with the 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 Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center'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 Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center'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 entity'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 Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose.

This report is intended for the information of the Board of Directors, management, the Louisiana Legislative Auditor, the State of Louisiana, and pass-through agencies, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Corsio & Schmitt, LLC

Metairie, Louisiana
September 27, 2021

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U.
HEALTH SCIENCES CENTER IN NEW ORLEANS/
TULANE HEALTH SCIENCES CENTER**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2021

A. Summary of Auditor's Results

1. The auditor's report expressed an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements were noted.

B. Findings - Financial Statement Audit

There were no findings for the current year or the prior year.

C. Management Letter

A management letter was not issued for the current year or the prior year.

**DIVISION OF ADMINISTRATION, OFFICE OF STATEWIDE REPORTING
AND ACCOUNTING POLICY'S ANNUAL FISCAL REPORT**

**ANNUAL FISCAL REPORT (AFR)
FOR 2021**

AGENCY: 20-15A - LA Cancer Research Center of Louisiana State University Health Sciences Center in New Orleans/Tulane Health Sciences Center

PREPARED BY: Deborah Reeder

PHONE NUMBER: 504-210-1030

EMAIL ADDRESS: dreeder@lcrcc.info

SUBMITTAL DATE: 09/29/2021 04:29 PM

STATEMENT OF NET POSITION

ASSETS

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS	35,180,537.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	13,560,086.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	47,941.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	35,722.00
DUE FROM FEDERAL GOVERNMENT	0.00
INVENTORIES	0.00
PREPAYMENTS	89,648.00
NOTES RECEIVABLE	0.00
OTHER CURRENT ASSETS	0.00
TOTAL CURRENT ASSETS	\$48,913,934.00

NONCURRENT ASSETS:

RESTRICTED ASSETS:

CASH	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
OTHER	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	671,808.00
BUILDINGS AND IMPROVEMENTS	79,523,528.00
MACHINERY AND EQUIPMENT	2,977,558.00
INFRASTRUCTURE	0.00
INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	0.00
OTHER NONCURRENT ASSETS	52,400.00
TOTAL NONCURRENT ASSETS	\$83,225,294.00
TOTAL ASSETS	\$132,139,228.00

DEFERRED OUTFLOWS OF RESOURCES

ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGNATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
ASSET RETIREMENT OBLIGATIONS	0.00
OPEB-RELATED DEFERRED OUTFLOWS OF RESOURCES	0.00

**ANNUAL FISCAL REPORT (AFR)
FOR 2021**

AGENCY: 20-15A - LA Cancer Research Center of Louisiana State University Health Sciences Center in New Orleans/Tulane Health Sciences Center

PREPARED BY: Deborah Reeder

PHONE NUMBER: 504-210-1030

EMAIL ADDRESS: dreeder@lerc.info

SUBMITTAL DATE: 09/29/2021 04:29 PM

PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES	0.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$0.00

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$132,139,228.00
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LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUALS	3,714,811.00
ACCRUED INTEREST	0.00
DERIVATIVE INSTRUMENTS	0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT	0.00
DUE TO FEDERAL GOVERNMENT	0.00
AMOUNTS HELD IN CUSTODY FOR OTHERS	0.00
UNEARNED REVENUES	0.00
OTHER CURRENT LIABILITIES	2,654.00

CURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	55,378.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
OPEB LIABILITY	0.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	\$3,772,843.00

NONCURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	63,032.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
TOTAL OPEB LIABILITY	0.00
NET PENSION LIABILITY	0.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL LONG-TERM LIABILITIES	\$63,032.00
TOTAL LIABILITIES	\$3,835,875.00

DEFERRED INFLOWS OF RESOURCES

ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVE INSTRUMENTS	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
SPLIT INTEREST AGREEMENTS	0.00
POINTS RECEIVED ON LOAN ORIGINATION	0.00
LOAN ORIGINATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED DEFERRED INFLOWS OF RESOURCES	0.00

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PENSION-RELATED DEFERRED INFLOWS OF RESOURCES	0.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$0.00

NET POSITION:

NET INVESTMENT IN CAPITAL ASSETS	83,172,894.00
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RESTRICTED FOR:

CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	39,917,262.00

UNRESTRICTED	\$5,213,197.00
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TOTAL NET POSITION	\$128,303,353.00
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STATEMENT OF ACTIVITIES

		PROGRAM REVENUES			
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE	
17,686,906.00	4,107,557.00	20,901.00	0.00	\$(13,558,448.00)	
 GENERAL REVENUES					
PAYMENTS FROM PRIMARY GOVERNMENT				14,919,953.00	
OTHER				243,226.00	
ADDITIONS TO PERMANENT ENDOWMENTS				0.00	
CHANGE IN NET POSITION				\$1,604,731.00	
NET POSITION - BEGINNING				\$126,698,622.00	
NET POSITION - RESTATEMENT				0.00	
NET POSITION - ENDING				\$128,303,353.00	

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DUES AND TRANSFERS

Account Type Amounts due from Primary Government	Intercompany (Fund)	Amount
	075 - FPC-Capital Outlay	35,722.00
	Total	\$35,722.00

Account Type Amounts due to Primary Government	Intercompany (Fund)	Amount
	Total	\$0.00

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SCHEDULE OF BONDS PAYABLE

Series Issue	Date of Issue	Original Issue Amount	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	Interest Outstanding CFY
		0.00	0.00	0.00	\$ 0.00	0.00
		Totals	\$0.00	\$0.00	\$0.00	\$0.00

Series - Unamortized Premiums:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

Series - Unamortized Discounts:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

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SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2022	0.00	0.00
2023	0.00	0.00
2024	0.00	0.00
2025	0.00	0.00
2026	0.00	0.00
2027	0.00	0.00
2028	0.00	0.00
2029	0.00	0.00
2030	0.00	0.00
2031	0.00	0.00
2032	0.00	0.00
2033	0.00	0.00
2034	0.00	0.00
2035	0.00	0.00
2036	0.00	0.00
2037	0.00	0.00
2038	0.00	0.00
2039	0.00	0.00
2040	0.00	0.00
2041	0.00	0.00
2042	0.00	0.00
2043	0.00	0.00
2044	0.00	0.00
2045	0.00	0.00
2046	0.00	0.00
2047	0.00	0.00
2048	0.00	0.00
2049	0.00	0.00
2050	0.00	0.00
2051	0.00	0.00
2052	0.00	0.00
2053	0.00	0.00
2054	0.00	0.00
2055	0.00	0.00
2056	0.00	0.00
Premiums and Discounts	\$0.00	
Total	\$0.00	\$0.00

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Other Postemployment Benefits (OPEB)

If your agency has active or retired employees who are members of the Office of Group Benefits (OGB) Health Plan, please provide the following information: (Note: OGB has a 6/30/2020 measurement date for their OPEB valuation)

Benefit payments made subsequent to the measurement date of the **OGB** Actuarial Valuation Report until the employer's fiscal year end. (Benefit payments are defined as the employer payments for retirees' health and life insurance premiums). For agencies with a 6/30 year end this covers the current fiscal year being reported. For calendar year end agencies, it covers the period 7/1 to 12/31 for the current year being reported. 0.00

Covered Employee Payroll for the **PRIOR** fiscal year (not including related benefits) 0.00

For calendar year-end agencies only: Benefit payments or employer payments for retirees' health and life insurance premiums made for the next year's valuation reporting period (7/1/2020 - 6/30/2021). This information will be provided to the actuary for the valuation report early next year. 0.00

For agencies that have employees that participate in the **LSU Health Plan**, provide the following information: (Note: The LSU Health Plan has a measurement date of 6/30/2021 for their OPEB valuation report.)

Covered Employee Payroll for the **CURRENT** fiscal year (not including related benefits) 0.00

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FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description	Restatement Amount	
	Total	\$0.00
<hr/>		

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SUBMISSION

Before submitting, ensure that all data (statements, notes, schedules) have been entered for the agency.

Once submitted no changes can be made to any of the agency data for the specified year.

By clicking 'Submit' below you certify that the financial statements herewith given present fairly the financial position and the results of operations for the year ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Reminder: You must send Louisiana Legislative Auditors an electronic copy of the AFR report in a pdf, tiff, or some other electronic format to the following e-mail address:
LLAFileroom@lla.la.gov.