

MEDICAL CENTER OF LOUISIANA FOUNDATION

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

JUNE 30, 2015 AND 2014



ERICKSEN KRENTEL & LAPORTE^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Medical Center of Louisiana Foundation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Medical Center of Louisiana Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 from 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 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.



To the Board of Trustees of
Medical Center of Louisiana Foundation
New Orleans, Louisiana
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medical Center of Louisiana Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance 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 accompanying schedule of compensation, benefits, and other payments to agency head 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 November 12, 2015, on our consideration of Medical Center of Louisiana 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 the 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 Medical Center of Louisiana Foundation's internal control over financial reporting and compliance.

New Orleans, Louisiana
November 12, 2015

Erickson, Krentel & Laporte LLP

Certified Public Accountants

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 339,607	\$ 389,738
Cash held for agencies	47,278	81,201
Interest receivable	3,507	3,211
Prepaid expenses	1,705	1,583
Investments	773,861	758,529
Equipment, net of accumulated depreciation	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 1,165,958</u>	 <u>\$ 1,234,262</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 1,339	\$ 2,044
Deferred revenue	7,500	-
Funds held for agencies	<u>47,278</u>	<u>81,201</u>
 Total liabilities	 <u>56,117</u>	 <u>83,245</u>
 <u>NET ASSETS:</u>		
Unrestricted	856,222	887,702
Temporarily restricted	<u>253,619</u>	<u>263,315</u>
 Total net assets	 <u>1,109,841</u>	 <u>1,151,017</u>
 Total liabilities and net assets	 <u>\$ 1,165,958</u>	 <u>\$ 1,234,262</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES, GAINS AND OTHER SUPPORT:</u>			
Contributions	\$ 786	\$ -	\$ 786
Grant revenue	-	3,000	3,000
Registration income	-	-	-
Fundraising income	64,050	-	64,050
Interest income	22,509	-	22,509
Net realized and unrealized gains (losses) on investments	(4,002)	-	(4,002)
Other income	751	-	751
	<hr/>	<hr/>	<hr/>
Total revenue	84,094	3,000	87,094
Net assets released from restrictions	<hr/>	<hr/>	<hr/>
	12,696	(12,696)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	96,790	(9,696)	87,094
<u>EXPENSES:</u>			
Program services	20,274	-	20,274
Supporting services:			
Fund-raising	22,809	-	22,809
Management and general	85,187	-	85,187
	<hr/>	<hr/>	<hr/>
Total expenses	128,270	-	128,270
Change in net assets	(31,480)	(9,696)	(41,176)
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	887,702	263,315	1,151,017
Net assets, end of year	<hr/>	<hr/>	<hr/>
	\$ 856,222	\$ 253,619	\$ 1,109,841

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES, GAINS AND OTHER SUPPORT:</u>			
Contributions	\$ -	\$ 10,785	\$ 10,785
Grant revenue	3,712	2,000	5,712
Registration income	1,507	-	1,507
Fundraising income	58,480	-	58,480
Interest income	27,189	-	27,189
Net realized and unrealized gains (losses) on investments	216	-	216
Other income	<u>757</u>	<u>-</u>	<u>757</u>
 Total revenue	 91,861	 12,785	 104,646
 Net assets released from restrictions	 <u>149,466</u>	 <u>(149,466)</u>	 <u>-</u>
 Total revenues, gains and other support	 <u>241,327</u>	 <u>(136,681)</u>	 <u>104,646</u>
<u>EXPENSES:</u>			
Program services	163,322	-	163,322
Supporting services:			
Fund-raising	18,017	-	18,017
Management and general	<u>77,520</u>	<u>-</u>	<u>77,520</u>
 Total expenses	 <u>258,859</u>	 <u>-</u>	 <u>258,859</u>
 Change in net assets	 (17,532)	 (136,681)	 (154,213)
 Net assets, beginning of year	 <u>905,234</u>	 <u>399,996</u>	 <u>1,305,230</u>
 Net assets, end of year	 <u>\$ 887,702</u>	 <u>\$ 263,315</u>	 <u>\$ 1,151,017</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (41,176)	\$ (154,213)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Depreciation	-	289
Realized (gain) loss on investments	(161)	1,604
Unrealized (gain) loss on investments	4,163	(1,820)
(Increase) decrease in:		
Other receivable	-	60
Interest receivable	(296)	172
Prepaid expenses	(122)	933
Increase (decrease) in:		
Accounts payable	(705)	(11,084)
Deferred revenue	7,500	(7,500)
	<u>(30,797)</u>	<u>(171,559)</u>
Net cash (used in) operating activities		
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Proceeds from sale of investments	140,895	230,019
Purchase of investments	<u>(160,229)</u>	<u>(281,182)</u>
	<u>(19,334)</u>	<u>(51,163)</u>
Net cash (used in) investing activities		
Net (decrease) in cash and cash equivalents	(50,131)	(222,722)
Cash and cash equivalents, beginning of year	<u>389,738</u>	<u>612,460</u>
Cash and cash equivalents, end of year	<u>\$ 339,607</u>	<u>\$ 389,738</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	
Awards and gifts	\$ -	\$ -	\$ 164	\$ 164
Books expense	-	-	-	-
Depreciaton	-	-	-	-
Donations made	500	-	-	500
Equipment contributions	-	-	-	-
Event expenses	-	22,809	-	22,809
Insurance	-	-	7,807	7,807
Meals	-	-	2,055	2,055
Medical supplies	1,406	-	-	1,406
Miscellaneous expense	-	-	4,663	4,663
Office expenses	-	-	422	422
Postage	-	-	98	98
Professional fees	12,000	-	11,201	23,201
Training and seminars	553	-	-	553
Travel	5,119	-	-	5,119
Utilities	696	-	-	696
Wages and related expenses	-	-	58,777	58,777
Total expenses	\$ 20,274	\$ 22,809	\$ 85,187	\$ 128,270

See accompanying NOTES TO FINANCIAL STATEMENTS

MEDICAL CENTER OF LOUISIANA FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Awards and gifts	\$ 57,061	\$ -	\$ -	\$ 57,061
Books expense	2,229	-	-	2,229
Depreciation	-	-	289	289
Donations made	-	-	-	-
Equipment contributions	59,259	-	-	59,259
Event expenses	-	18,017	-	18,017
Insurance	-	-	6,828	6,828
Meals	1,091	-	2,113	3,204
Medical supplies	4,389	-	-	4,389
Miscellaneous expense	739	-	4,223	4,962
Office expenses	920	-	774	1,694
Postage	-	-	91	91
Professional fees	24,000	-	11,215	35,215
Training and seminars	5,941	-	-	5,941
Travel	6,926	-	-	6,926
Utilities	767	-	-	767
Wages and related expenses	-	-	51,987	51,987
Total expenses	\$ 163,322	\$ 18,017	\$ 77,520	\$ 258,859

MEDICAL CENTER OF LOUISIANA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

The Medical Center of Louisiana Foundation (the Foundation) was incorporated in November 1993. The Foundation was originally known as The University Hospital Foundation, and has its purpose to support and improve patient care within the Medical Center of Louisiana New Orleans (MCLNO) hospitals and clinics including the Interim LSU Public Hospital and the Spirit of Charity Trauma Center. This includes assisting the family's comfort while visiting with their love one, promoting education of the members of the MCLNO provider team, facilitating medical center committees, and enhancing fund-raising efforts and research.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. In-kind contributions are recognized at the fair market value when received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

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

MEDICAL CENTER OF LOUISIANA FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Statement Presentation (Continued)

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. The Foundation has no permanently restricted net assets.

Investments

Investments, consisting of government and agency securities and corporate bonds, are recorded at fair value. Unrealized gains and losses on investments with readily available market values are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and generated by the entity itself.

No Level 2 or Level 3 inputs were used by the Foundation.

Equipment

Items capitalized as part of equipment are valued at cost. Normal repairs and maintenance are charged to expense when incurred. Expenditures which materially extend the useful lives of capital assets are capitalized.

MEDICAL CENTER OF LOUISIANA FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Depreciation

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Computer equipment	3-5 years
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Depreciation expense for the years ended June 30, 2015 and 2014 was \$- and \$289, respectively.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less and all certificates of deposit to be cash equivalents.

Contributed Services

During the years ended June 30, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the comparison of its public support, the Foundation qualifies for non-private foundation status under Section 509(a)(2) of the Internal Revenue Code; therefore, the Foundation's tax-exempt status extends to its net investment income.

MEDICAL CENTER OF LOUISIANA FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Tax Status (continued)

FASB ASC 740-10-et al prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FASB ASC 740-10-et al requires the affirmative evaluation that is more likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. FASB ASC 740-10-et al also requires the Foundation to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The Foundation's evaluation as of June 30, 2015 revealed no tax positions that would have a material impact on the financial statements. The 2011 through 2014 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through November 12, 2015, which is the date the financial statements were available to be issued. Subsequent to the report date, the organization formally changed its name from the Medical Center of Louisiana Foundation to the Spirit of Charity Foundation.

(2) **INVESTMENTS**

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1).

MEDICAL CENTER OF LOUISIANA FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(2) INVESTMENTS (CONTINUED)

The fair value of investments are summarized as follows at June 30:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Unrestricted:				
Corporate bonds	\$ 285,729	\$ 284,497	\$ 264,807	\$ 266,275
Government securities and other agencies	410,387	411,650	453,487	453,287
Mutual Funds/CEF/UIT	<u>81,908</u>	<u>77,714</u>	<u>38,415</u>	<u>38,967</u>
Total unrestricted Investments	<u>\$ 778,024</u>	<u>\$ 773,861</u>	<u>\$ 756,709</u>	<u>\$ 758,529</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 17,252	\$ 17,768
Net gain (loss) on sale of investments	161	(1,604)
Management fees	(4,164)	(4,005)
Net unrealized gain (loss) in value of investments	<u>(4,163)</u>	<u>1,820</u>
Total return on investments	<u>\$ 9,086</u>	<u>\$ 13,979</u>

(3) FUNDS HELD FOR AGENCIES

At June 30, 2015 and 2014, the Foundation held \$47,278 and \$81,201, of funds for the Trauma department and for the Charity Hospital Medical Staff. The financial effects of transactions related to agency funds are recorded as changes in funds held for agencies and are not included in the statements of activities. The changes in the funds held for agencies are summarized as follows:

	<u>2015</u>	<u>2014</u>
Agency funds received	\$ 924	\$ 417
Distributions to agencies	<u>(34,847)</u>	<u>(695)</u>
Change in balance	(33,923)	(278)
Beginning balance	<u>81,201</u>	<u>81,479</u>
Ending balance	<u>\$ 47,278</u>	<u>\$ 81,201</u>

MEDICAL CENTER OF LOUISIANA FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(4) RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 include:

	2015	2014
Reach Out and Read	12,393	22,089
Telemedicine and Health Management Program	154,676	154,676
Patient Education Units	86,550	86,550
Total temporarily restricted net assets	\$ 253,619	\$ 263,315

(5) CONCENTRATIONS

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits. At June 30, 2015 and 2014, the Foundation had \$- and \$2,635 in uninsured cash, respectively.

Concentration of Revenue

Approximately 74% and 56% of the Foundation's funding is provided from the Spirit of Charity fundraiser for the years ended June 30, 2015 and 2014, respectively.

MEDICAL CENTER OF LOUISIANA FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS , AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Peter DeBlieux*</u>
Time served	07/01/14 through 06/30/15
Reimbursements	\$ <u> -</u>
Total compensation, benefits, and other payments	\$ <u> -</u>

*Note: Peter DeBlieux serves in the capacity as a volunteer and as such does not receive a salary or related benefits for his time.



INDEPENDENT AUDITORS' 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 Trustees of
Medical Center of Louisiana Foundation
New Orleans, Louisiana

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 the Medical Center of Louisiana Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center of Louisiana 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 Medical Center of Louisiana Foundation's internal control. Accordingly, we do not express 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 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.



To the Board of Trustees of
Medical Center of Louisiana Foundation
November 12, 2015
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center of Louisiana 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 an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-01.

Medical Center of Louisiana Foundation's Response to Findings

Medical Center of Louisiana Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

New Orleans, Louisiana
November 12, 2015

Erickson, Krentel & Laporte LLP

Certified Public Accountants

MEDICAL CENTER OF LOUISIANA FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Medical Center of Louisiana Foundation
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Medical Center of Louisiana Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. A management letter was not issued for the year ended June 30, 2015.

SECTION II FINANCIAL STATEMENT FINDINGS

2015-01 Failure to Timely File 941s

Criteria: The Internal Revenue Service requires all employers to file the Form 941 quarterly.

Condition: During testing, it was discovered that the Form 941 was not filed for the first quarter in 2015.

Effect: The Form 941 was not filed with the Internal Revenue Service quarterly as required.

Cause: The Foundation failed to timely file the Form 941s.

Recommendation: We recommend the Foundation immediately file the aforementioned Form 941s and establish procedures to ensure the timely filing of all federal tax returns.

Management's Response: The reports have been filed and the Foundation is now up to date. Management has added a 'calendar email notification' as a reminder to file all reports timely.

MEDICAL CENTER OF LOUISIANA FOUNDATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION III MANAGEMENT LETTER ITEMS

2014-01 Classification of Investment Activity

Investment gains/losses are currently recorded in one income account. The nature and volume of information required for financial statement preparation and note disclosure necessitates that investment activities be recorded separately by type. Unrealized gains/losses should be recorded separately from realized gains/losses.

This matter has been resolved.

MEDICAL CENTER OF LOUISIANA FOUNDATION
MANAGEMENT'S CORRECTIVE ACTION PLANS
JUNE 30, 2015

November 12, 2015

Louisiana Legislative Auditor

Medical Center of Louisiana Foundation respectfully submits the following corrective action plan for the year ended June 30, 2015.

Name and address of independent public accounting firm:

Ericksen Krentel & LaPorte L.L.P.
4227 Canal Street
New Orleans, LA 70119

Audit Period: July 1, 2014 – June 30, 2015

The finding from the June 30, 2015 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

Noncompliance

2015-01 Failure to Timely File 941s

Recommendation: We recommend the Foundation immediately file the aforementioned Form 941s and establish procedures to ensure the timely filing of all federal tax returns.

Response: The reports have been filed and the Foundation is now up to date. Management has added a 'calendar email notification' as a reminder to file all reports timely.

If there are any questions regarding this plan, please contact Stacy Gerhold-Marvin, at (504) 702-3113.

Sincerely,



Signature

Executive Director

Title