

February 23, 2011

William Gimson, MBA
Executive Director
Cancer Prevention and Research Institute of Texas
211 E. 7th St., Suite 300 Austin, Texas 78701-3285

Dear Mr. Gimson:

The Fiscal Management Division of the Comptroller of Public Accounts reviewed the independent financial audits of the Cancer Prevention and Research Institute of Texas (CPRIT) for fiscal years ending Aug. 31, 2009, and Aug. 31, 2010, as required by Health and Safety Code Sec. 102.053. The audit was prepared by the accounting firm of Clifton Gunderson, LLP. While the audited financial reports presented a report of CPRIT's financial activities, we have listed recommendations below to make the report more compliant with the Generally Accepted Accounting Principles based financial statements for the most current fiscal year.

- 1) Beginning balance per the audited report did not tie to the prior year ending balance. The beginning balance must in all cases tie to the Uniform Statewide Accounting System and the ending adjusted balance of the prior year Annual Financial Report.
- 2) Federal Revenue was reported in Other Revenues in the audited report. Federal Revenue must be reported as a separate line item in revenues, which will allow us to match the Schedule of Expenditures of Federal Awards.
- 3) The amount of capital outlay reported on the Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds does not agree with the additions of capital assets in Note 4 – Capital Assets. The amount of capital outlay reported on the operating statement must tie to the additions of capital outlay in Note 4 – Capital Assets.
- 4) The name of the governmental funds operating statement was titled “Statement of Revenues, Expenses and Changes in Fund Balances” in the audit report. The governmental funds operating statements must be titled “Statement of Revenues, Expenditures, and Changes in Fund Balances.”



- 5) The component unit “CPRIT Foundation” (Foundation) was reported as a discrete component unit in the audited financial report. Fiscal Management determined it should be a blended component unit and incorporated it in the financial statements as a special revenue fund. The main reason for this change is that the Foundation’s sole purpose is to assist and supplement CPRIT’s mission as a state agency.
- 6) The Texas Public Finance Authority (TPFA) Fund 7639 was reported in the Capital Project Fund. We reclassified the fund to the General Fund because the purpose of the fund is to account for general obligation debt issued by TPFA to provide cancer prevention and research grants. The fund is not related to any capital project purposes.
- 7) Note 9 – Bond Issuance stated that \$225 million of bonds was issued by TPFA on Aug. 31, 2010. The financial instrument issued by TPFA was general obligation commercial paper, not general obligation bonds.

We appreciate the opportunity to review the audit reports and are available to work with the administrative staff of CPRIT to improve future financial reports of the institute. If you have any questions or comments, please contact Irene Lee in Fiscal Management’s Financial Reporting section at irene.lee@cpa.state.tx.us or 936-6138.

Sincerely,

Suzy B. Whittenton
Director, Fiscal Management

cc: Irene Lee

