

February 29, 2012

Mr. William Gimson
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 audit of the Cancer Prevention and Research Institute of Texas (CPRIT) for the fiscal year ending Aug. 31, 2011. The audit was prepared by the accounting firm of Clifton Gunderson, LLP.

In our first review of CPRIT for fiscal years 2009 and 2010 to we recommended numerous suggestions and most suggestions were implemented. We are making the following two recommendations to the fiscal year 2011 audited report format in order to be more in compliance with our *AFR Reporting Requirements*. This will result in less recurring differences in how some categories tie between the financial exhibits and the notes to the financial statements. It will also not require the reconciliation on pages 8 and 10 between the fund financials and the statement of net assets and the statement of activities.

- 1) Instead of separate financials for fund financials as in Balance Sheet/Statement of Net Assets and Revenues, Expenditures – Changes in Fund Balances/Statement of Activities, the format should be as such:
 - Exhibit I – Combined Balance Sheet/Statement of Net Assets – Governmental Funds
 - Exhibit II – Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

The suggested format includes columns for governmental funds, capital assets adjustments and long-term liabilities adjustments. The adjustments columns should tie to their respective note. In the present format, the capital outlay amount reported does not tie to any number in Note 4 – Capital Assets.



Mr. William Gimson

February 29, 2012

Page Two

- 2) The format of the statement of activities does not comply with Governmental Accounting Standards Board (GASB) 34 requirements, specifically with the use of “non-operating revenues.” While a more detailed level may be appropriate, we recommend revising this exhibit similar to the B-7 exhibit on page 217 of GASB 34 with the adjustments column being split as suggested above. We feel this format change will be more practical for this organization and provide sufficient detail for the reader to understand the statement.

We will send the CPRIT staff in a separate email a few sample financial exhibits as noted above so that their unaudited annual financial report format will match the audited version as these format changes are implemented. The note numbering sequence should match between the unaudited and audited versions. At this point, the unaudited report is using the correct sequence. Other than these suggestions, we did not note any items that were not in compliance with our *AFR Reporting Requirements*.

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,

Phillip Ashley, CPA, CGFM
Director of Fiscal Management

cc: Irene Lee

