This has been yet another transitional year for BRF. While all of our eight business units have been busy, as you will see in this annual report, one of our projects has been front and center because of its incredible impact on hundreds of thousands of residents and employees in our region.

University Health System has been brought to financial stability and to new levels of quality and service. Now that this has been done, the two hospitals in Shreveport and Monroe have transitioned to a new entity, Ochsner LSU Health System of North Louisiana, which is jointly owned by Ochsner Health System and LSU.

We thank the volunteer boards of University Health System and BRF for their dedication these past five years to seeing this community asset through turbulent times to a sustainable and successful future. We are delighted at the opportunity the safety-net hospitals and the LSU Medical School in Shreveport have with Ochsner, the most respected health organization in the state.

BRF, through its seven other business units, is pursuing a diverse range of economic development initiatives to build a better future for North Louisiana. We will continue to be innovative and collaborative and use our resources to solve problems and create new opportunities in our region.

Those businesses under the BRF umbrella report their milestones and accomplishments to the community through this annual report. Read on to learn more about how these business units and their initiatives are fulfilling BRF’s mission to diversify and grow our region’s economy.

Thank you for your support of University Health System and for your continued support of BRF!

Arthur G. Thompson
BRF Board of Directors Chairman

John F. George Jr., M.D.
BRF President and CEO

Mission
Diversify and grow our region’s economy.

Vision
Operate as a catalyst to expand and develop research, entrepreneurship and high-growth businesses in our region.

Values
University Health System is a success story.

In 2013, BRF took on ownership and operation of two state teaching hospitals at the request of Louisiana State University and the community.

In just 135 days, University Health System in Shreveport and Monroe became private entities through expert, community-minded guidance and countless volunteer hours. The effort was driven by a group of citizens and business people who would not let the hospitals fail. The closure of the hospitals would have resulted in thousands of jobs lost, put hundreds of thousands of patients at risk, and potentially would have caused the loss of the LSU Medical School in Shreveport. The loss to the patients, the community and our economy would have been too great.

While there is still work to be done, University Health System has made it through critical episodes of financial uncertainty to sustainability, and it has begun its ascent to new quality rankings and improvements in the care offered to the region’s most vulnerable patients.

Since privatization, BRF/University Health System has worked to increase operational efficiencies, expand and improve service lines, address quality measurements, secure fair and adequate funding, invest in capital improvements and upgrades, and support its academic partner while building a firmer financial footing to ensure the sustainability of the system going forward.

Much has been accomplished, and today’s success would not have been possible without the team of dedicated experts, volunteers, individual employees, civic leaders and community advocates who fought for University Health System.

We celebrate the following achievements and improvements BRF and the employees of University Health System have worked toward in the past five years.

**FIVE YEARS OF IMPROVEMENTS AND INVESTMENT IN PEOPLE, QUALITY, SERVICE, FINANCES AND GROWTH:**

**PEOPLE**

- Saved more than 3,200 jobs while retaining more than 95% of former state employees.
- Salary increases restored for employees through a pay-for-performance, merit-based program recognizing and rewarding an employee’s individual contributions and work performance. The pay-for-performance increases were based on a percentage of salary added to base pay, and occurred in 2015, 2016 and 2018.
- Implemented tuition reimbursement and certification reimbursement programs to encourage and reward employee professional development, advancing employees’ skills and contributions to the organization.
- Raised the starting minimum wage for a full-time hospital staff member to $9.
- Reduced total overall turnover rate to 17.62% compared to the south central regional healthcare average of 19.1% (as reported in the 2018 National Healthcare Retention & RN Staffing Report published by NSI Nursing Solutions, Inc.).

**SAVED MORE THAN 3,200 JOBS WHILE RETAINING MORE THAN 95% OF FORMER STATE EMPLOYEES.**

- Contributed more than $27 million in employer matching and safe harbor contributions to employee retirement accounts in the qualified 401(k) plan.
- Opened new Monday – Friday, 8AM – 5PM onsite Employee Health Clinic available to all hospital, medical school and contracted services employees and their family members.
- Cultivated a culture of teamwork, recognition and collaboration among employees.
- Formed Physician Recruitment Committee to attract needed physicians in cardiology, urology, orthopedics, OB/GYN, family practice, nephrology, pediatric neurologist, pediatric allergist, pediatric pulmonologist, radiation oncologist, neurosurgery and neurology.
- Partnered with Buck Consultants to administer a system-wide physician and employee engagement survey program identifying the system’s strengths and weaknesses.
- Summary results were communicated to board members, officers, directors and managers; and incorporated into organization planning and improvement activities.
- Moved payroll functions in-house and converted payroll distribution to an entirely electronic system eliminating the need for paper paychecks or paper paystubs.
- Implemented OnBase® by Hyland software to convert all personnel records retrieval and retention.
- Discontinued the previous practice of charging fees to hospital staff for access to employee parking.
- Implemented KRONOS® healthcare workforce analytics software providing measurable productivity analytics for labor management.
- Initiated the Employee Assistance Fund account to provide financial assistance to employees who have experienced unusual or unexpected hardships.

**SAVED MORE THAN 3,200 JOBS WHILE RETAINING MORE THAN 95% OF FORMER STATE EMPLOYEES.**

- Created a $1,500 recruitment incentive bonus payable to existing University Health employees to reward their efforts in recruiting new, external patient care applicants into difficult-to-fill positions.
- Absorbed increases in health insurance costs without passing along increases to employees through higher premium payments.
- Employees’ health insurance premiums have remained unchanged since 2013.
- Partnered with Press Ganey® to administer a system-wide physician and employee engagement survey program identifying the system’s strengths and weaknesses.
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• Implemented FISH! Philosophy customer service training program to all employees to improve teamwork, customer service, employee engagement, retention, recognition and leadership. To date, more than 3,000 employees in Shreveport and Monroe have attended sessions empowering them to be more effective in their jobs.

• Implemented UShine program recognizing and rewarding employees who exhibit exceptional customer service. Since inception, the program has processed more than 9,000 nominations, which have included University Health employees, LSU physicians and Aramark-contracted service staff. An average of more than 250 individuals were nominated per month.

• Implemented new recruiting strategies, including digital media, social media, billboards, direct mail-outs and luncheons, to more effectively increase awareness of available career opportunities. In addition, two University Health recruiters participated as healthcare career advisors to area educational institutions, including the NSU College of Nursing advisory council, LSU LPN advisory council, NWLA Technical LPN advisory board, LA Tech nursing advisory board, BPCC allied health advisory board and the Barksdale Air Force Base transition panel.

• Decreased from 2013 to 2018 workers’ compensation insurance expense from more than $2.3 million to less than $600,000. Injury experience modifier has been decreased from 1.0 to 0.53, and there has been a 69% reduction in muscle strains/back injuries after implementing an internally designed Transferring with Care Class recognized by the Louisiana Hospital Association for the effectiveness of its curriculum.

• Decreased Standardized Infection Ratio for Central Line Blood Stream Infections from 3.05 to 0.47 and Clostridium Difficile from 2.21 to 1.31.

• Launched a campaign to decrease the number of Catheter Associated Urinary Tract Infections (CAUTI) and Central Line Associated Blood Infections (CLABSI) with success in Telemetry, Neurosurgery, Orthopedics and Bone Marrow Transplant Unit, exceeding two years without a single CAUTI or CLABSI infection.

• Worked with LSU Health’s Hematology and Oncology Department to develop an Allogeneic Bone Marrow program under the leadership of Dr. Nebu Koshy, and funded the recruitment and department position. University Health System received FACT (Foundation for the Accreditation of Cellular Therapy) in September 2018.

• Successfully implemented Epic’s latest Electronic Health Records (EHR) version, leading the healthcare industry as one of the first health systems to do so.

• Created Quality Steering Committee consisting of hospital and physician leadership to redesign and implement a quality program to support the transition to a culture of high reliability.

• Decreased incidence of Perioperative Hemorrhage from a rate of 8.5 to 1.

• Decreased incidence of Unrecognized Accidental Puncture from a rate of 7.5 to 0.

• Decreased Incidence of Postoperative Hemorrhage from a rate of 7.5 to 0.

• Decreased Incidence of Perioperative Hemorrhage from a rate of 8.5 to 1.

• Decreased Incidence of Unrecognized Accidental Puncture from a rate of 7.5 to 0.

• Increased MyChart utilization from 16% to 22.6% from January 2017 to August 2018.

• Established new Clinical Documentation Integrity Program.

• Successfully implemented state-of-the-art Cisco™ telecommunications system upgrades at University Health Conway at Monroe to connect the two University Health System campuses and lowered telecommunications costs for the system.

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• University Health System accomplished several facility projects to enhance safety and improve the patient experience:
  – Installation of Centralized Station Telemetry Monitor, which increases capacity to monitor four to eight additional beds on the unit.
  – 6K and 7K Nursing Stations’ renovation completed on East and West sides without decreasing bed census.
  – In Burn Center, added an additional two critical care beds.
  – In Surgery Unit, converted two semi-private rooms to private rooms for cardiovascular patients. Also, set up remote monitoring for post Cardio-thoracic patients.
  – Expanded St. Jude’s Infusion area from five chairs to eight chairs with additional support space and a physician’s workroom, made possible by a $517,000 donation by St. Jude.
  – Replaced fire pumps on Shreveport hospital’s K-Wing and Feist-Weiller Cancer Center.
  – Complete modernization of K6 patient admitting elevator; modernization of the controller and drive of K1 and K2, that provide support for the OR.
  – Renovation of all medicine team rooms with the creation of a new team room.
  – Created a University Health Shreveport Multipurpose Room to accommodate up to 150 people.
  – Expanded OB/GYN clinic with two new exam rooms, a new ultrasound room and a new admitting area.
  – Installed a new digital phone system for University Health Shreveport and University Health Conway in Monroe.
  – Relocation of Cardiology Services to the DCI Building on Kings Highway in August 2018 to provide expanded exam room availability, including expansion of Heart Failure service line to include Nurse Practitioners for both the inpatient and outpatient setting.
  – Received the International Board-Certified Lactation Consultants (IBCLC) Award for the next two years. The award recognizes hospitals with dedicated lactation consultants and a dedicated lactation program.
  – Received a Cuddle Cot™, allowing for mothers and families of stillborn infants additional time with their loved one.
  – Launched the PICU (Pediatric Intensive Care Unit) transport team.
  – Received a grant from the March of Dimes® for funding the low-dose aspirin therapy program, which targets pregnant women with pre-eclampsia or those at risk for pre-eclampsia.
  – Received a grant from the Living Well Foundation at University Health Conway to acquire two vein illuminators to reduce the number of venipuncture attempts, primarily for pediatric patients in the service area.
  – Received the United Way® Grant, “Passport to Prenatal Care,” allowing for prenatal programs, education and a car seat given to aid in the prenatal care process.
  – Received the National Parks and Recreation grant to fund a partnership between University Health System and Shreveport Public Assembly and Recreation (SPAR) to target patients with arthritis for community-based exercise programs.
  – Added a Heart Failure procedure, Respiscia, for patients with central sleep apnea related to heart failure.
  – Opened a 14-bed Critical Care Stepdown Unit in 2014.
  – Funded LSUHSCS to create satellite clinics at University Health Conway for oncology, oral maxillofacial surgery and cardiology.
  – Supported the academic and teaching mission of LSU Health Science Center Shreveport with over $334.5 million in payments.
  – Renegotiated more than 40 managed care contracts.
  – Entered new contracts for group purchasing, supply distribution, food services and housekeeping to increase operational efficiencies.
  – In the past year, decreased outstanding accounts payable balance by 39%, from $51 million to $31 million.
  – In the past year, increased net income 303%, from a $14 million loss to a $2.6 million gain (as of YTD 6/30/18).
  – In the past year, increased total net assets by 381%, from a negative $7.4 million to $20.8 million (as of YTD 6/30/18).

GROWTH

• Established several new programs in the past three years, managed more than 190 new clinical trials hosted by LSUHSCS, while working to expand private practice clinical collaborations.
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FINANCES

• Increased revenue from commercially insured patients by $100 million annually, which was used to supplement state funding to take care of the state’s Medicaid and uninsured patients; and took legal steps to protect that revenue stream, which was essential to the hospitals’ survival.
• Improved finances and service without charging a management fee.
• In first three years of ownership and operation, invested more than $58 million in capital improvements at both campuses.
• According to a study by former LSU Department of Economics Chair Dr. Loren Scott, generated a more than $900 million boost to the state (as of FY 2016) in new federal and matching revenue sources, impacting the North Louisiana region through:
  – $1 billion in new sales
  – $400 million boost in household earnings
  – An average of 2,818 jobs per year
  – $18 million in local government treasuries from tax collections

Collections

  – Increased Medicare payments by 35%.
  – Increased commercial insurance/private pay payments by 53%.
  – Increased Medicaid payments by 109%.
  – Increased collections overall by 68%, from $16 million/month to almost $28 million/month.

GENERATED A MORE THAN $900 MILLION INCREASE IN NEW FUNDING SOURCES TO THE STATE (AS OF FY 2016).
Provided support services for 25 InterTech Science Park tenants who employ more than 3,100 individuals with a total annual payroll of $176,537,720. Other BRF-managed facilities included University Health Conway with 760 employees and Southern Isotopes of Baton Rouge.

Operated and maintained, at 87 percent occupancy, 14 BRF-owned facilities with 356,597 square feet.

Completed an assessment of properties in and adjacent to the InterTech Science Park for future development.

Operated and managed 24 University Health Shreveport facilities with 1,462,341 square feet and the University Health Conway facilities with 383,032 square feet.

Secured a $25,000 Louisiana Business Incubation Association (LBIA) grant to replace and upgrade telecommunications infrastructure for telephone and data-networking services to tenants. The total project cost was $44,986, with BRF paying the balance.

Completed substantial renovations to the University of Louisiana Monroe Claiborne Street facility to enhance distance-learning capabilities.
The Entrepreneurial Accelerator Program (EAP) celebrated four years of successful operation and startup growth milestones with a ceremony at InterTech 1 involving its partners, the City of Shreveport and the Caddo Parish Commission. EAP has served as the region’s economic development tool geared for high-growth startups since 2013, providing services to 210 companies in Northwest Louisiana since its inception. More than 30 of those companies have completed milestones to launch locally, contributing to job growth and diversifying industries to help grow our region’s economy.

**ACCOMPLISHMENTS SINCE INCEPTION**

1. Screened 624 ideas or companies to discuss business plans, growth potential and interest in launching in Northwest Louisiana.
2. Provided services, including market analysis, business plan development, financial analysis and modeling, for 210 startup companies.
3. Fostered creation of 121 new jobs associated with EAP startup companies, with a total annual payroll of more than $6.6 million.
4. Facilitated more than $64 million in capital generated by EAP startup companies.
5. Completed 90 educational programs to promote entrepreneurship among youth in Northwest Louisiana.
6. Completed EAP’s first university business plan competition with Louisiana State University Shreveport open to students and faculty, with 202 participants in the first round and 20 advancing to the workshop phase. EAP is expanding the university business plan competition to include Grambling State University and Northwestern State University.

**EAP WALL OF ENTREPRENEURIAL ACHIEVEMENT CLASS OF 2017 – 2018**

- **OleoLive**: A biotechnology company producing olive oil-extracted Oleocanthal for research and consumer products to address inflammation and disease
- **Tomakk**: Tempered glass solutions for residential and commercial glass installers
- **Asteri Networks**: Web-based entertainment media network company
- **Louisiana New Product Development Team**: Product design, development, prototyping and marketing solutions company
- **GeoCareer**: Oilfield training products to emulate human trial-and-error learning process within a safe, simulated environment
- **SaniKleen**: Chemical company with a residual self-sanitizer, hospital-grade disinfectant to reduce deadly secondary infections in healthcare and public settings
- **SpheroFill**: Innovative medical products and drug-delivery platforms with an initial focus in a novel injectable tissue filler for use in the larynx
- **Winifred’s Dancewear**: Locally owned, uniquely styled dancewear to help dancers stand out among competitors
- **Hope Pharmacy**: Northwest Louisiana’s sole medical marijuana pharmacy
- **Golden Ticket Studios**: “Binge-worthy” film content production studio with a community-centered business model
**ORDA**

**ACCOMPLISHMENTS**

1. Developed and promoted relationships with pharmaceutical companies and researchers in North Louisiana.

2. Provided proof-of-concept funding for five North Louisiana researchers, two each at the University of Louisiana at Monroe and Louisiana Tech University and one at LSU Health Sciences Center Shreveport in the areas of Neuroscience/Neuroengineering, Neuroinformatics and Aging through BRF’s Seed Funding Program for a total of $200,000.

3. Supported clinical trials at University Health System to enhance research operations and foster clinical research with LSU Health Sciences Center Shreveport. Established University Health Research Integrity Committee (UHRIC) to ensure allocation of resources, risk management and proper billing for research conducted at University Health System.

4. Initiated clinical trials in cancer and depression with North Louisiana community physicians.

5. Sponsored research conferences and symposia, including the Industry Day 2017 conference hosted by the Center for Cardiovascular Diseases and Sciences of LSU Health Sciences Center Shreveport and the Center for Biomedical Engineering and Rehabilitation Science of Louisiana Tech University; the annual Neuroscience Research Day of the Shreveport Chapter of the Society for Neuroscience held at LSU Health Sciences Center Shreveport; and the second Stroke Update Symposium to be held at the medical school.

6. Provided support for clinical research related to Entrepreneurial Accelerator Program (EAP) startup companies. Initiated opportunities for research collaborations between LSU Health Sciences Center Shreveport and startups in biotechnology, virtual reality and stroke rehabilitation.

**CMIT**

**ACCOMPLISHMENTS**


2. Signed a multi-year contract with a pharmaceutical diagnostic company for product testing.

3. Manufactured four different radiopharmaceuticals for collaborative research and commercial distribution under Current Good Manufacturing Practices (CGMP) guidance of the U.S. Food and Drug Administration (FDA).

4. Expanded collaboration with Cook Children’s Medical Center in Fort Worth, Texas, to study the diagnosis, treatment and outcomes in infants diagnosed with hyperinsulinism (HI); and provided specialized radiopharmaceuticals to detect HI, reducing complications associated with surgical treatment.

5. Presented two lectures and two posters illustrating the CMIT team’s recent research results at the 2018 Society of Nuclear Medicine Molecular Imaging conference in Philadelphia.

6. Conducted more than 1,900 PET scans during FY 2017–2018.

7. Awarded a $16,000 pilot grant to Dr. Amal Kaddoumi, Ph.D., Associate Professor of Basic Pharmaceutical Sciences of the University of Louisiana at Monroe and a $7,500 pilot grant to Dr. J. Steven Alexander, Ph.D., Professor of Molecular and Cellular Physiology of LSU Health Sciences Center Shreveport through CMIT’s “Innovation in Molecular Medicine through Molecular Imaging” research grant initiative.

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RF’s Office for Research Development and Administration (ORDA), developed in 2015 to spur innovation and successful research collaborations, has laid the foundation for a biomedical research hub through its network of local physicians, relationships with pharmaceutical sponsors and its seed funding grant initiative for North Louisiana universities and research institutions. ORDA will work this coming year to expand its network of collaborators who will partner with ORDA to bring cutting-edge clinical trials to Northwest Louisiana.

This quarter, the Center for Molecular Imaging and Therapy (CMIT) kicks off a three-phase campaign to raise funds and execute a vision for an expanded research program, increased healthcare access and new economic initiatives related to research in Northwest Louisiana. CMIT, with its Southern Isotopes and Positron Emission Tomography (PET) Imaging Center, has pioneered radiopharmaceutical production and PET in Louisiana. It also has a vision to lead the region and state in novel radiopharmaceutical production, imaging research, and innovative diagnosis and treatment of disease.
The New Louisiana Angel Fund 2 (NLAF 2) partnered with six North Louisiana university foundations and funds this year to expose business students to entrepreneurship, investment in private entities, technology transfer and innovative startup activity. NLAF 2, the second angel fund to be spearheaded by BRF, is made up of more than 60 accredited angel investors or entities who have dedicated $3.1 million to fund high-growth startups in North Louisiana.

ACCOMPLISHMENTS

1. NLAF 2: Raised $3.1 million angel investment fund to create NLAF 2, North Louisiana’s second angel investment fund. NLAF 2 is made up of more than 60 accredited angel investors.

2. NLAF 2: Partnered with six North Louisiana universities to expose business students to such areas as entrepreneurship, investment in private entities, technology transfer and innovative startup activity. Participating university funds or foundations are LSU Shreveport Foundation, Centenary College, Louisiana Tech University Foundation, University of Louisiana at Monroe Foundation, Grambling State University Foundation, and Northwestern State University Foundation.

3. NLAF 2: Invested in two North Louisiana-based startups since NLAF 2 launch in May 2018.

4. NLAF 2: Generated $4.4 million in capital associated with NLAF 2’s first two portfolio companies.

5. NLAF 1: Invested in four additional North Louisiana startups to bring the NLAF 1 portfolio to 15.

6. NLAF 1 & 2 DMII

The Digital Media Institute at InterTech, now an accredited institution, hit new records for enrollment and expanded its summer camp programs to offer more young people experience in the growing field of digital media. Grants from anonymous donors and the Best Buy® Foundation have made DMII’s programs more accessible than ever. DMII’s two certificate programs are in animation, visual effects and interactive content; and software development.

ACCOMPLISHMENTS

1. Grew enrollment 15 percent year-over-year for DMII’s two certificate programs: Animation, Visual Effects and Interactive Content (AVEI); and Interactive Software Development.

2. Conducted two at-capacity youth summer camps to introduce area students to the field of digital media.

3. Secured $6,000 in grant support from the Best Buy® Foundation to provide needs-based tuition assistance and enrollment scholarships for digital media summer camps.

4. Secured an anonymous $25,000 foundation grant for needs-based tuition assistance.

5. Placed students in jobs and internships at the Shreveport Aquarium, Swaybox Studios, Ingalls Info Security, Somdal Associates and other regional businesses.

6. Achieved student job placement rate of 88 percent over Council on Occupational Education (COE) requirement of 60 percent, and 79 percent program completion rate over COE’s requirement of 70 percent.

Students in DMII’s AVEI class
ACCOMPLISHMENTS

1. Signed 10-year agreement to provide Electronic Health Record (EHR) and Enterprise Resource Planning (ERP) services to Titus Regional Medical Center in Mt. Pleasant, Texas.

2. Grew technology workforce by eight percent, to 128 employees.

3. Received the Epic Magna Cum Laude status honor roll designation awarded for achieving continuous improvements in patient outcomes, quality of care, workflow efficiency and financial performance.

4. Successfully implemented Epic’s latest EHR version, leading the healthcare industry as one of the first health systems to do so.

5. Successfully implemented state-of-the-art Cisco telecommunications system upgrades at University Health Conway at Monroe to connect the two University Health System campuses and lower telecommunications costs for the system.

SMART EDVENTURES

Science and Medicine Academic Research Training (SMART) students took first, second and third place overall at the 2018 Louisiana Region 1 Science and Engineering Fair. A SMART participant, Blaise Willis, also won first place overall in the Louisiana State Science and Engineering Fair for his research examining the behavior of mycobacteria when exposed to simulated gravity.

SMART student Sunjay Letchuman was the only student in Louisiana to advance to the semifinalist round in the 2017 Siemens Competition in Math, Science & Technology with his project titled, “Differential Redox Profiles of Veins and Arteries Associated with Coronary Artery Bypass Graft Failure.”

Southwood High School, home to BRF-sponsored Biotechnology Magnet Academy, won third place overall in the high school division of the Region 1 Science Fair sponsored by Bossier Parish Community College. Prior to the existence of the academy, Southwood rarely participated in the Science Fair, making this accomplishment particularly exciting.

Biotechnology Magnet Academy (BTA) students at Southwood High School earned $1,056,374 in scholarships to pursue higher education. Ninety-two percent (92%) of 2018 BTA graduates plan to attend a higher-education institution, and more than 50 percent are first-generation, college-bound students.

The BRF-sponsored FIRST Robotics Team at Southwood High School made it to the semi-finals at the Bayou Regionals in Kenner, L.A. They also won the highest award, the Gracious Professionalism Award, at the Rock City Regional in Little Rock. In addition, they were named the 2017–2018 Regional Autonomous Robotics Circuit Grand Champion in Bossier City.

or 21 years, BRF has committed to supporting training and education for K–12 students in our community by investing in science and technology programs that cultivate a workforce with the skills, understanding and creativity to excel in a knowledge economy. Our EdVentures programs have reached over 4,000 students in Caddo, Bossier and DeSoto parishes, and are supported primarily by generous community donors, local foundations and corporate sponsors.
The financial statements below are presented in accordance with Generally Accepted Accounting Principles (GAAP). The FYE 2017 amounts reflect management’s summary of its audited financial statements for that year. The FYE 2018 amounts reflect those that management believes will be reflected in the audit report when completed. Amounts for hospital related operations are excluded from these financials.

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Marketable Securities and Other Current Assets</td>
<td>$28,474,529</td>
<td>$14,639,829</td>
</tr>
<tr>
<td>Long-Term Investments</td>
<td>4,460,386</td>
<td>10,285,345</td>
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<tr>
<td>Fixed Assets, Net</td>
<td>47,744,951</td>
<td>49,634,687</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$80,679,866</strong></td>
<td><strong>$74,559,861</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable and Other Current Liabilities</td>
<td>2,313,605</td>
<td>5,221,604</td>
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<tr>
<td>Notes Payable</td>
<td>7,026,789</td>
<td>8,155,370</td>
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<tr>
<td>Other Liabilities</td>
<td>174,636</td>
<td>541,174</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>9,515,030</strong></td>
<td><strong>13,918,148</strong></td>
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**NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
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<tbody>
<tr>
<td>Unrestricted</td>
<td>66,806,744</td>
<td>58,356,578</td>
</tr>
<tr>
<td>Temporarily and Permanently Restricted</td>
<td>2,358,092</td>
<td>2,285,135</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>$80,679,866</strong></td>
<td><strong>$74,559,861</strong></td>
</tr>
</tbody>
</table>

### THE FOUNDATION DOLLAR

**FYE 2018 EXPENDITURES**

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Philanthropic Support</td>
<td>$804,033</td>
<td>$743,995</td>
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<tr>
<td>Investment, Rental, and Operating Revenue</td>
<td>26,821,220</td>
<td>18,587,026</td>
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<tr>
<td><strong>TOTAL SUPPORT AND REVENUE</strong></td>
<td><strong>$27,625,253</strong></td>
<td><strong>$19,331,021</strong></td>
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**EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIT</td>
<td>4,984,132</td>
<td>4,836,329</td>
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<tr>
<td>ORDA</td>
<td>970,059</td>
<td>659,048</td>
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<tr>
<td>EAP</td>
<td>1,013,797</td>
<td>873,904</td>
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<tr>
<td>DMII</td>
<td>1,115,514</td>
<td>1,053,582</td>
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<tr>
<td>REAL ESTATE MANAGEMENT AND DEVELOPMENT</td>
<td>5,680,901</td>
<td>5,579,839</td>
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<tr>
<td>OTHER SPONSORED PROJECTS</td>
<td>130,310</td>
<td>136,503</td>
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<tr>
<td><strong>TOTAL PROGRAM SERVICES</strong></td>
<td><strong>13,894,713</strong></td>
<td><strong>13,139,205</strong></td>
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**SUPPORT SERVICES**

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANAGEMENT AND GENERAL</td>
<td>3,158,780</td>
<td>3,256,584</td>
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<tr>
<td>FUNDRAISING</td>
<td>273,803</td>
<td>250,488</td>
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<tr>
<td><strong>TOTAL SUPPORT SERVICES</strong></td>
<td><strong>3,432,583</strong></td>
<td><strong>3,507,072</strong></td>
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</tbody>
</table>

**TOTAL EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of Revenues and Support over Expenses</td>
<td>10,297,957</td>
<td>2,684,744</td>
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<tr>
<td>Changes in Value of Derivative</td>
<td>225,166</td>
<td>330,407</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>17,327,296</strong></td>
<td><strong>16,644,277</strong></td>
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</table>

**CHANGE IN NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>FYE 2018</th>
<th>FYE 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET ASSETS, BEGINNING OF YEAR</td>
<td>$60,641,713</td>
<td>$67,626,562</td>
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<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td><strong>$71,164,836</strong></td>
<td><strong>$60,641,713</strong></td>
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</tbody>
</table>

### THE FOUNDATION DOLLAR

**FYE 2018 PROGRAM SERVICES**

- **Program Services**: 80.2%
- **Management and General**: 18.2%
- **Fundraising**: 1.6%
Dear Friends:

On Monday, October 1, Ochsner LSU Health System of North Louisiana took over operations of the safety net hospitals in Shreveport and Monroe from BRF/University Health System. This outcome is the culmination of over three years of our deliberate efforts to bring this vision to reality.

In 2013, the Jindal administration sent over 3,200 pink slips to the hospital employees in Shreveport and Monroe. BRF entered the hospital business to save those jobs when no one else in North Louisiana was willing to do so. The loss of those jobs would have been devastating to our Shreveport medical school, and to the Shreveport and Monroe communities.

There were many reasons that no one in the hospital business, or any other business, wanted to take this on. We were told that the two hospitals were experiencing operational losses, and no working capital was being given to the new privatized owners. The aging hospitals and the LSU School of Medicine in Shreveport were estimated to need $150 million in deferred maintenance expenses.

Five years to the day, the hospitals that we received from the State in 2013, with no working capital and regular operational losses, are being handed to the new partnership operating in the black, with a credit facility of $30 million and an increasing base of commercially insured patients. These commercially insured patients have been critical to the hospitals’ survival. We took legal steps to protect them. The employee pools in both Shreveport and Monroe, at risk five years ago, now are growing. Improvements totaling tens of millions of dollars have been placed into both hospitals, each of which has dramatically increased quality and patient satisfaction outcomes.

To achieve a financial turnaround, we have realigned hospital operations to reflect modern best practices, renegotiated contracts, and streamlined collections, which resulted in a revenue increase of $100 million annually. All of this allowed us to withstand State budget cuts, and without that additional revenue, the new Ochsner LSU Health System partnership would be instantly insolvent. While the State instituted cuts, we were able to provide over $300 million to the State in new revenue through federal matches and savings, more than any other privatized system in the state, according to the economic impact study of privatization by Dr. Loren Scott.

We expect this progress to continue thanks to an additional $43 million in a total budget of $284 million that has been dedicated to the new partnership between Ochsner and the LSU School of Medicine in Shreveport. This additional funding, made up of federal dollars and no additional State general funds, became available due to the combined Medicaid populations of Ochsner and University Health. The medical school’s current $93 million cash balance (6/30/18), which has increased by over $30 million since 2015, will continue to expand under the new partnership.

Respectfully,

Stephen F. Skrivanos
University Health Chairman
Former BRF Chairman

John F. George Jr., M.D.
BRF President and CEO

Arthur G. Thompson
BRF Chairman

This presents North Louisiana’s greatest economic opportunity in decades to advance the academic medical center to its highest potential. All along I-20, patients, physicians and businesses in our region will benefit from the new competition, which will improve choices and cost structures for us all.

We believe our academic medical center in Shreveport is the crown jewel of our city and that the introduction of Ochsner represents a pivotal moment in our history, where we may finally see the medical center attain its untapped potential to become the economic development engine our region needs.

While we are enormously proud of our accomplishments over the last five years, Ochsner offers our academic medical center and entire region a level of training, support and expertise that exceeds what University Health could match.

That’s why, to better protect the long-term interests of the hospital and medical school, we approached Ochsner three and a half years ago about bringing its expertise and financial strength to North Louisiana. We thank Governor John Bel Edwards for making it happen. We also thank Sen. John Milkovich and Reps. Cedric Glover and Barbara Norton for their willingness to go against the status quo to advocate for and protect University Health in Shreveport.

We are grateful for members of our Northeast delegation, especially Sen. Francis Thompson and Reps. Katrina Jackson and Bubba Chaney, who protected our efforts to improve healthcare not only in Monroe but also in Shreveport. Under the Northeast delegation’s unwavering support and improvements in the Monroe hospital have been nothing less than transformational. We are now constructing our second catheterization lab at that facility, which will allow advanced cardiac procedures, a development almost unimaginable five years ago.

It has been said that a society can be measured on how it treats its most vulnerable citizens. Each year, our facilities treat 500,000 patients who are mostly poor, and who have found themselves at our doors having no other option at critically important moments of their lives. The great progress of the last five years was the direct result of University Health and LSU personnel who, together, have instituted a new standard and level of care through new treatments and technology previously unavailable to patients in this market and made a safety net health system a real competitor in the marketplace, which benefits all patients in North Louisiana but, most importantly, the underserved.

May God bless them all as we transition to the new Ochsner and LSU partnership. May the progress of the last five years continue, and may we all embrace our precious academic medical center and help encourage it to achieve its highest potential in the decades to come.