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Mr. Bill Silva, Director  
Pennington Biomedical Research Foundation  
Baton Rouge, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **DEC 15 1999**

We have performed the procedures enumerated below, which were agreed to by the Legislative Auditor of Louisiana, solely to assist you with respect to the accounting records of the Pennington Biomedical Research Foundation for the year ended June 30, 1999. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Procedures

Verified that the endowments for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program complied with provisions set forth in the Board of Regents Statement of Investment Policy and Objectives.

Verified that the annual financial reports for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program submitted to the Board of Regents were mathematically accurate and agreed to the accounting records of the Pennington Biomedical Research Foundation.

Verified that the Foundation has developed a spending plan for endowment earnings which is in compliance with Board of Regents guidelines.

Verified that the proceeds of the endowments for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program were used as salaries or as a supplement for salaries or for other expenses related to scholarly work for eligible faculty members.

Verified that the Foundation complied with all provisions of the Management Agreement with the University.

Confirmed the amount of investments held by financial institutions at June 30, 1999 and agreed the amounts to the University's accounting records at June 30, 1999.

Verified that investment earnings generated from pooled assets involving endowed chair or professorship money have been properly allocated to the chairs and professorships in accordance with the Board of Regents policies.



Verified that there is no regulatory oversight for the investment pool and that the fair value of the position in the pool is the same as the value of the pool shares.

No exceptions were noted in the above procedures.

Findings

Based on internally prepared documents the book balance at June 30, 1999 and 1998 of the University investments held by the Foundation were \$1,385,543 and \$1,384,924, respectively.

Based on information provided by financial institutions, the fair value at June 30, 1999 and 1998 of the University investments held by the Foundation were \$1,462,271 and \$1,384,841, respectively.

Based on an internal listing provided by the Foundation and verified by confirming 100% of the Foundation's investments, the following is a description of the types of investments of University funds held by the Foundation: debt securities; governmental securities; equities; and cash management accounts.

The Foundation uses quoted market prices to determine the fair value of the Foundation's investments.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
November 1, 1999



**EXHIBIT A**

United Companies Chair  
C. B. Pennington Chair  
Hibernia Schleider Chair  
Diabetes Professorship

