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# Pennington Biomedical Research Foundation

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Release Date

# 1997
# Financial Statements

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Postlethwaite & Netterville
*(A Professional Accounting Corporation)*

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PENNINGTON BIOMEDICAL RESEARCH FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS
MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 1997 AND 1996

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.

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pennington Biomedical Research Foundation
Baton Rouge, Louisiana

We have audited the accompanying consolidated statements of assets, liabilities, and net assets (modified cash basis) of the Pennington Biomedical Research Foundation as of December 31, 1997 and 1996, and the related modified cash basis consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these consolidated financial statements were prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Pennington Biomedical Research Foundation as of December 31, 1997 and 1996, and its activities, changes in net assets, and cash flows for the years then ended, on the basis of accounting described in Note 1.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 25, 1998



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## PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
## BATON ROUGE, LOUISIANA

## CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS
## (MODIFIED CASH BASIS)
## DECEMBER 31, 1997 AND 1996

### ASSETS

| | 1997 | 1996 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash in banks | $ 48,748 | $ 46,453 |
| Investments (short-term) | 485,526 | 278,043 |
| Inventory | 16,076 | 8,467 |
| | 550,350 | 332,963 |
| **OTHER ASSETS** | | |
| Property and equipment - net | 1,055 | 3,573 |
| Organization costs - net | 3,928 | - |
| Investments (long-term) | 4,853,215 | 4,948,553 |
| Notes receivable | - | 18,800 |
| | 4,858,198 | 4,970,926 |
| **Total assets** | $ 5,408,548 | $ 5,303,889 |

### LIABILITIES AND NET ASSETS

| | 1997 | 1996 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Payroll taxes withheld | $ 2,256 | $ 2,184 |
| Sales taxes payable | 568 | 486 |
| Notes payable | 101,568 | 101,568 |
| | 104,392 | 104,238 |
| **LONG-TERM LIABILITIES** | | |
| Funds held-in-custody | 1,339,090 | 1,314,983 |
| | 1,339,090 | 1,314,983 |
| **NET ASSETS** | | |
| Unrestricted | 546,104 | 348,871 |
| Temporarily restricted | 1,358,962 | 1,525,797 |
| Permanently restricted | 2,060,000 | 2,010,000 |
| | 3,965,066 | 3,884,668 |
| **Total liabilities and net assets** | $ 5,408,548 | $ 5,303,889 |

The accompanying notes are an integral part of this statement.

# PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
## BATON ROUGE, LOUISIANA

## CONSOLIDATED STATEMENTS OF ACTIVITIES (MODIFIED CASH BASIS)
## YEARS ENDED DECEMBER 31, 1997 AND 1996

| | 1997 | | | |
|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| **SUPPORT AND REVENUES** | | | | |
| Donations | $ 156,348 | $ 514,000 | $ 50,000 | $ 720,348 |
| Investment income | 29,098 | 302,125 | - | 331,223 |
| Management fees | 750,000 | - | - | 750,000 |
| Conference center rental income | 97,596 | - | - | 97,596 |
| Other | 17,167 | 86,282 | - | 103,449 |
| | 1,050,209 | 902,407 | 50,000 | 2,002,616 |
| Satisfaction of program restrictions | 1,069,242 | (1,069,242) | - | - |
| | 2,119,451 | (166,835) | 50,000 | 2,002,616 |
| **EXPENSES** | | | | |
| Program services | 999,135 | - | - | 999,135 |
| Management & general | 923,083 | - | - | 923,083 |
| | 1,922,218 | - | - | 1,922,218 |
| **CHANGE IN NET ASSETS** | $ 197,233 | $ (166,835) | $ 50,000 | $ 80,398 |

The accompanying notes are an integral part of these statements.



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| 1996 | | | |
|---|---|---|---|
| Unrestricted | Temporary Restricted | Permanently Restricted | Total |
| $ 276,100 | $ 130,885 | $ 50,000 | $ 456,985 |
| 21,732 | 278,793 | - | 300,525 |
| - | - | - | - |
| - | - | - | - |
| 22,875 | 164,458 | - | 187,333 |
| 320,707 | 574,136 | 50,000 | 944,843 |
| 173,953 | (173,953) | - | - |
| 494,660 | 400,183 | 50,000 | 944,843 |
| | | | |
| 427,588 | - | - | 427,588 |
| 277,818 | - | - | 277,818 |
| 705,406 | - | - | 705,406 |
| | | | |
| $ (210,746) | $ 400,183 | $ 50,000 | $ 239,437 |



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PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (MODIFIED CASH BASIS) YEARS ENDED DECEMER 31, 1997 AND 1996

| | Unrestricted | Temporarily Restricted | Permanently Restricted (Endowed) | Total |
|---|---|---|---|---|
| Net assets at December 31, 1995 | 559,617 | 1,125,614 | 1,960,000 | 3,645,231 |
| Change in net assets for the year ended December 31, 1996 | (210,746) | 400,183 | 50,000 | 239,437 |
| Net assets at December 31, 1996 | 348,871 | 1,525,797 | 2,010,000 | 3,884,668 |
| Change in net assets for the year ended December 31, 1997 | 197,233 | (166,835) | 50,000 | 80,398 |
| Net assets at December 31, 1997 | $ 546,104 | $ 1,358,962 | $ 2,060,000 | $ 3,965,066 |

The accompanying notes are an integral part of these statements.



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PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS (MODIFIED CASH BASIS)
YEARS ENDED DECEMER 31, 1997 AND 1996

| | 1997 | 1996 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ 80,398 | $ 239,437 |
| Adjustments to reconcile excess support and revenues to net cash provided by operating activities: | | |
| Gain on sale of land | - | (2,000) |
| Write-down of notes receivable | 18,800 | 18,800 |
| Depreciation and amortization | 3,590 | 2,270 |
| Changes in operating assets and liabilities: | | |
| Interest receivable and employee advances | - | 5,766 |
| Inventory | (7,609) | (5,686) |
| Payroll taxes and sales taxes payable | 154 | (959) |
| Other assets | (5,000) | - |
| Net cash provided by operating activities | 90,333 | 257,628 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Net (increase) decrease in investments | (112,145) | (409,082) |
| Proceeds from sale of land | - | 8,000 |
| Purchase of equipment | - | (3,658) |
| Net cash used in investing activities | (112,145) | (404,740) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net increase in funds held-in-custody | 24,107 | 31,828 |
| Net cash provided by (used) in financing activities | 24,107 | 31,828 |
| Net (decrease) increase in cash | 2,295 | (115,284) |
| Cash at beginning of year | 46,453 | 161,737 |
| Cash at end of year | $ 48,748 | $ 46,453 |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

| | 1997 | 1996 |
|---|---|---|
| Cash paid during the year for: | | |
| Interest | $ - | $ - |

The accompanying notes are an integral part of these statements.



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## PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
## BATON ROUGE, LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

### Organization

The Pennington Biomedical Research Foundation (Foundation) is a non-profit corporation organized to provide financial support for the Pennington Biomedical Research Center (Center), a division of the Louisiana State University System (University) operating in Baton Rouge, Louisiana. The major programs of the Foundation include nutrition research related to obesity, diabetes, cancer, heart disease, food science, behavior, and various educational programs.
During the year ended December 31, 1996, Pennington Discoveries, Inc. was organized as a separate for-profit organization to produce, market, and sell products developed by the Pennington Biomedical Research Center.

### Consolidation

The Foundation owns 100% of the outstanding capital stock of Pennington Discoveries, Inc. Consequently, the Foundation's consolidated financial statements include the accounts of Pennington Discoveries, Inc. All significant intercompany accounts and transactions have been eliminated.

### Modified Cash Basis

The Foundation's policy is to prepare its financial statements on the modified cash basis of accounting. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. The Foundation has elected to record inventory, depreciation, and notes payable, which is a departure from the pure cash basis of accounting.

### Income Taxes

The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code.

Pennington Discoveries, Inc. is a for-profit organization and is required to pay income taxes as determined by the guidelines established by the Internal Revenue Service.

### Advertising

Pennington Discoveries, Inc. expenses the cost of advertising as incurred. Total advertising expense for the year ended December 31, 1997 was $17,281.

### Use of Estimates

The preparation of financial statements using the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
## BATON ROUGE, LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

### Investments

Investments consist of United States Government Agency obligations, certificates of deposit, repurchase agreements,
money market funds, and cash maintained in trust accounts. All investments purchased by the Foundation are stated at cost. Realized gains and losses on dispositions are based on the net proceeds and the book value of the securities sold, using the specific identification method. These realized gains and losses flow through the Foundation's yearly activities.

### Cash Flow Statement

For purposes of the cash flow statement, cash includes operating funds on deposit at the various financial institutions.

### Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out (FIFO) method.

### Property and Equipment

Property and equipment are stated at historical cost. Additions, renewals, and betterments that extend the life of assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation are computed using accelerated methods over the assets' estimated useful lives.

The Foundation leases office space from the University and utilizes furniture and other office equipment owned by the University. These assets are not reflected on the accompanying financial statements.

Software and organization costs are recorded at cost with amortization recorded using the straight-line method over the estimated useful life of the asset.

### Revenue Recognition

The Foundation records revenue in the following manner:

1. Unrestricted funds represent the portion of funds available for support of Foundation supporting services and amounts which have been expended for property acquisitions.

2. Temporarily restricted funds represent expendable funds with donor stipulations that limit the use of the donated assets or specifies a time restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted funds and related expenses are shown as unrestricted. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

3. Permanently restricted funds represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be used. Expendable income derived from the endowment funds is accounted for as revenue in the current funds.

The Foundation reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Reclassification

Certain amounts in the 1996 financial statements have been reclassified to conform with the current year presentation.

2. Retirement Contributions and Expense

The Foundation makes an annual contribution to the retirement plan of eligible employees. The amount of the contribution is equal to 7.5% of annual compensation. Eligibility requirements are attainment of age 21 and full-time employment for three of the past five years. Total contributions for the years ended December 31, 1997 and 1996 totaled $2,463 and $7,020, respectively.

During the year ended December 31, 1997, the Foundation purchased an annuity to fund the retirement obligation of the Center's Director. The cost of the annuity was $802,719 and is recorded as retirement expense in the accompanying financial statements. Additionally, the Foundation received $400,000 from the Medical Foundation to help fund the cost of the annuity.

3. Related Parties

On July 1, 1991, the Foundation entered into a lease agreement with Louisiana State University to lease 600 square feet of office space at an annual rate of $8 per square foot, or $4,800 per year. During the year ended December 31, 1996, the parties signed a new lease extending the terms of this agreement through June 30, 2001.

4. Investments

Investments consist of money market funds, certificates of deposit, mutual funds, mortgage/loan backed pools, and U. S. government and agency obligations. These investments are maintained and managed in trust accounts and brokerage accounts which are in compliance with the Board of Regent's investment policy for the Endowed Professorship Programs and the Endowed Chairs for Eminent Scholars Program. As of December 31, 1997 and 1996, the market values, which are based on quoted market prices, were $5,322,533 and $5,227,208, respectively.



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5. Notes Payable

The Foundation borrowed $101,568 from two unrelated parties prior to January 1, 1995. These notes are non-interest bearing and contain no specified repayment terms.

6. Leases

The Foundation leases space from the University at an annual rate of $4,800 under a non-cancelable operating lease which expires on June 30, 2001.

During the year ended December 31, 1996, the Foundation vacated the leased premises, despite having paid rent through June 30, 1997.

7. Endowment Enhancement

In order to comply with Act Numbers 909 and 910 of the 1992 Louisiana Legislative Session regarding depositories for University Endowment Trust Funds, a portion of the endowment income is added to the endowment principal. The enhancement is the lessor of the amount of increase derived when the rate of the Consumer Price Index for the immediate preceding year is applied to the endowment base, or 25% of endowment earnings, which is calculated annually. The enhancement calculated, as of the State's fiscal year ended June 30, 1997, was $99,090.

8. Funds Held in Escrow

Included in investments at December 31, 1997, were funds held in escrow at local banks which represent funds contributed to the Foundation by private donors and matching funds received from the State of Louisiana. The Endowed Chairs for Eminent Scholars Program requires a $600,000 private donation and a matching $400,000 gift from the State of Louisiana, making a total endowment of $1,000,000 per program. The Eminent Scholars Program requires a $60,000 private donation and a $40,000 matching gift from the State of Louisiana, making a total endowment of $100,000. Total funds held in escrow are as follows:

| | 1997 | 1996 |
|---|---|---|
| Private donations | $ 2,060,000 | $ 2,010,000 |
| Matching funds | 1,339,090 | 1,314,983 |
| | $ 3,399,090 | $ 3,324,983 |



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PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 9. Management Agreement

During the year ended December 31, 1996, the Foundation entered into a memorandum of understanding with the Pennington Medical Foundation (Medical Foundation) for an unspecified period of time.

In accordance with the terms of the agreement, the Foundation will undertake the responsibility for the operation and maintenance of the Claude B. Pennington Conference and Education Center; will take responsibility for the management and operation of the conference center meeting program; and will provide the Medical foundation with professional and administrative services. The Medical Foundation will reimburse the Foundation for the above mentioned services and will allow the Foundation to retain the revenues generated from the conference management operations.

### 10. Concentrations of Credit Risk

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents. The Foundation maintains several money market accounts. The total cash balances are insured by the F.D.I.C. up to $100,000 per bank . The Foundation had cash balances on deposit with one bank in Baton Rouge, Louisiana at December 31, 1997 that exceeded the balance insured by the F.D.I.C. in the amount of $3,804,754.

### 11. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 1997 were available for specific nutritional research programs and other nutritional research programs being conducted at the Pennington Biomedical Research Center.

| | |
|---|---|
| Director's Supplement & Development Fund | $ 326,401 |
| Women's Health Research Fund | 90,866 |
| Pryor Research Fund | 80,076 |
| NAASO Fund | 52,267 |
| Research Development Fund | 283,964 |
| Conference Center Fund | 203,912 |
| Other Nutritional Research Programs | 321,476 |
| Total Temporarily Restricted Net Assets | $ 1,358,962 |

### 12. Subsequent Events

In March of 1998, Pennington Discoveries, Inc. commenced discussions with Cajun Injectors, Inc. to enter into a royalty agreement.

# SUPPLEMENTAL INFORMATION

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*A Professional Accounting Corporation*

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Pennington Biomedical Research Foundation
Baton Rouge, Louisiana

Our report on our audits of the basic modified cash basis consolidated financial statements of the Pennington Biomedical Research Foundation for December 31, 1997 and 1996, appears on page 1. Those audits were performed for the purpose of forming an opinion on the basic modified cash basis consolidated financial statements taken as a whole. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic modified cash basis consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic modified cash basis consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic modified cash basis consolidated financial statements taken as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 25, 1998



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**PENNINGTON BIOMEDICAL RESEARCH FOUNDATION**
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES**
**(MODIFIED CASH BASIS)**
**YEARS ENDED DECEMBER 31, 1997 AND 1996**

| | 1997 | | |
|---|---|---|---|
| | Program Expenses | Management & General Expenses | Total |
| EXPENSES | | | |
| Salaries | 135,487 | 178,077 | 313,564 |
| Meetings and symposiums | 13,443 | 15,072 | 28,515 |
| Depreciation & amortization | - | 892 | 892 |
| Business development | 81 | 6,128 | 6,209 |
| Copies | 118 | 1,631 | 1,749 |
| Payroll taxes | - | 7,829 | 7,829 |
| Postage | 2,044 | 2,927 | 4,971 |
| Telephone | - | 9,276 | 9,276 |
| Professional fees | - | 21,614 | 21,614 |
| Benefits | 14,217 | 13,922 | 28,139 |
| Employee loans | - | 1,200 | 1,200 |
| Retirement expense | 802,719 | - | 802,719 |
| Printing | 3,517 | 8,170 | 11,687 |
| Contract services | 1,583 | 2,023 | 3,606 |
| Recruiting | - | 712 | 712 |
| Rent | - | - | - |
| Research | 6,533 | 4,743 | 11,276 |
| Supplies | 688 | 20,591 | 21,279 |
| Travel & entertainment | 11,238 | 3,658 | 14,896 |
| Miscellaneous | 4,749 | 17,732 | 22,481 |
| Legal fees | - | 14,080 | 14,080 |
| Honorariums and awards | 100 | 2,572 | 2,672 |
| Investment losses | 2,618 | - | 2,618 |
| Contributions | - | 20,400 | 20,400 |
| Insurance | - | 121,002 | 121,002 |
| Cost of sales | - | 6,937 | 6,937 |
| Repairs & maintenance | - | 441,329 | 441,329 |
| Sales tax | - | 566 | 566 |
| | $ 999,135 | $ 923,083 | $ 1,922,218 |



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| 1996 | | |
| --- | --- | --- |
| Program Expenses | Management & General Expenses | Total |
| 247,893 | 122,523 | 370,416 |
| 100,190 | 16,818 | 117,008 |
| 1,219 | 1,050 | 2,269 |
| 99 | 14,000 | 14,099 |
| - | 565 | 565 |
| 916 | 6,919 | 7,835 |
| 359 | 1,534 | 1,893 |
| - | 877 | 877 |
| 484 | 29,038 | 29,522 |
| 11,499 | 9,631 | 21,130 |
| - | - | - |
| - | - | - |
| 2,784 | 5,226 | 8,010 |
| 18 | 1,067 | 1,085 |
| - | 5,350 | 5,350 |
| - | 10,112 | 10,112 |
| 13,478 | 7,072 | 20,550 |
| 5,413 | 6,566 | 11,979 |
| 14,463 | 5,224 | 19,687 |
| 4,185 | 21,098 | 25,283 |
| - | 2,842 | 2,842 |
| 20,900 | 3,558 | 24,458 |
| 44 | - | 44 |
| - | - | - |
| - | - | - |
| 3,598 | 6,201 | 9,799 |
| - | - | - |
| 46 | 547 | 593 |
| $ 427,588 | $ 277,818 | $ 705,406 |



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## PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
## BATON ROUGE, LOUISIANA

## SCHEDULE OF INVESTMENTS
## December 31, 1997

The cost and market value of investments are summarized as follows:

| | 1997 | |
|---|---|---|
| | Total Cost | Market Value |
| Cash held in trust accounts | 262,834 | 262,834 |
| U. S. Treasury Money Market Fund | 3,586,227 | 3,586,227 |
| Bond funds | 461,738 | 447,598 |
| U.S. Treasury Notes, 6.25%, 08/31/2000 | 99,969 | 101,313 |
| FHLMC: 7.250%, 06/17/18 | 495,120 | 510,465 |
| FNMA: 6.000%, 04/01/04 | 139,784 | 139,652 |
| GNMA Trust | 276,694 | 266,464 |
| United Companies stock | 16,375 | 7,980 |
| | $ 5,338,741 | $ 5,322,533 |



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## PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
## BATON ROUGE, LOUISIANA

### SCHEDULE OF INVESTMENTS
### December 31, 1996

The cost and market value of investments are summarized as follows:

| | 1996 Total Cost | 1996 Market Value |
|---|---|---|
| Cash held in trust accounts | 158,240 | 158,240 |
| U. S. Treasury Money Market Fund | 843,075 | 843,075 |
| Bond funds | 473,330 | 456,050 |
| U. S. Treasury Notes, 6.75%, 5/31/997 | 401,000 | 401,624 |
| U.S. Treasury Notes, 6.25%, 08/31/2000 | 99,969 | 100,375 |
| U.S.Treasury Notes, 7.375%, 11/15/97 | 1,756,645 | 1,775,287 |
| U.S. Treasury Notes, 6.375%, 07/15/99 | 434,365 | 439,080 |
| U.S. Treasury Notes, 6.000%, 08/15/99 | 99,656 | 99,969 |
| FHLMC: 7.250%, 06/17/18 | 495,120 | 509,375 |
| FNMA: 6.000%, 04/01/04 | 188,413 | 185,438 |
| GNMA Trust | 260,408 | 245,312 |
| United Companies stock | 16,375 | 13,383 |
| | $ 5,226,596 | $ 5,227,208 |