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**PENNINGTON BIOMEDICAL RESEARCH FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MODIFIED CASH BASIS**

**YEARS ENDED DECEMBER 31, 1996 AND 1995**

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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 Sept 10 1996



**Postlethwaite & Netterville**

*(A Professional Accounting Corporation)*  
CERTIFIED PUBLIC ACCOUNTANTS

BATON ROUGE • DONALDSONVILLE • GONZALES • NEW ORLEANS • ST. FRANCISVILLE  
LOUISIANA

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION  
CONSOLIDATED FINANCIAL STATEMENTS  
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YEARS ENDED DECEMBER 31, 1996 AND 1995

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Release Date SEP 09 1996



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# Postlethwaite & Netterville

*A Professional Accounting Corporation*  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated statements of assets, liabilities, and net assets (modified cash basis) of the Pennington Biomedical Research Foundation as of December 31, 1996 and 1995, and the related modified cash basis consolidated statements of activities, changes in net assets, 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, 1996 and 1995, 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  
July 11, 1997

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

**CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES,**  
**AND NET ASSETS (MODIFIED CASH BASIS)**  
**DECEMBER 31, 1996 AND 1995**

**ASSETS**

	<u>1996</u>	<u>1995</u>
<b><u>CURRENT ASSETS</u></b>		
Cash in banks	\$ 46,453	\$ 161,737
Investments (short-term)	278,043	367,737
Employee advances	-	5,766
Inventory	<u>8,467</u>	<u>2,781</u>
	<u>332,963</u>	<u>538,021</u>
 <b><u>OTHER ASSETS</u></b>		
Equipment - net	3,573	2,185
Land	-	6,000
Investments (long-term)	4,948,553	4,449,777
Notes receivable	<u>18,800</u>	<u>37,600</u>
	<u>4,970,926</u>	<u>4,495,562</u>
 <b>Total assets</b>	 <b><u>\$ 5,303,889</u></b>	 <b><u>\$ 5,033,583</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Payroll taxes withheld	\$ 2,184	\$ 3,629
Sales taxes payable	486	-
Notes payable	<u>101,568</u>	<u>101,568</u>
	<u>104,238</u>	<u>105,197</u>
 <b><u>LONG-TERM LIABILITIES</u></b>		
Funds held-in-custody	<u>1,314,983</u>	<u>1,283,155</u>
	<u>1,314,983</u>	<u>1,283,155</u>
 <b><u>NET ASSETS - Restated</u></b>		
Unrestricted	348,871	559,617
Temporarily restricted	1,525,797	1,125,614
Permanently restricted	<u>2,010,000</u>	<u>1,960,000</u>
	<u>3,884,668</u>	<u>3,645,231</u>
 <b>Total liabilities and net assets</b>	 <b><u>\$ 5,303,889</u></b>	 <b><u>\$ 5,033,583</u></b>

The accompanying notes are an integral part of these statements.



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

**CONSOLIDATED STATEMENTS OF ACTIVITIES (MODIFIED CASH BASIS)**  
**YEARS ENDED DECEMBER 31, 1996 AND 1995**

	1996		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<b><u>SUPPORT AND REVENUES</u></b>			
Donations	\$ 276,100	\$ 130,885	\$ 50,000
Investment income	21,732	278,793	-
Other	<u>22,875</u>	<u>164,458</u>	<u>-</u>
	320,707	574,136	50,000
Satisfaction of program restrictions	<u>173,953</u>	<u>(173,953)</u>	<u>-</u>
	<u>494,660</u>	<u>400,183</u>	<u>50,000</u>
 <b><u>EXPENSES</u></b>			
Interest expense	-	-	-
Program services	427,588	-	-
Management & general	<u>277,818</u>	<u>-</u>	<u>-</u>
	<u>705,406</u>	<u>-</u>	<u>-</u>
 <b><u>CHANGE IN NET ASSETS</u></b>	 <u>(\$ 210,746)</u>	 <u>\$ 400,183</u>	 <u>\$ 50,000</u>

The accompanying notes are an integral part of these statements.



<u>1996</u>	<u>1995</u>			
<u>Total</u>	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 456,985	\$ 238,259	\$ 288,987	\$ 50,000	\$ 577,246
300,525	17,654	64,848	215,090	297,592
187,333	22,233	-	-	22,233
<u>944,843</u>	<u>278,146</u>	<u>353,835</u>	<u>265,090</u>	<u>897,071</u>
-	248,852	( 172,251)	( 76,601)	-
<u>944,843</u>	<u>526,998</u>	<u>181,584</u>	<u>188,489</u>	<u>897,071</u>
-	18,010	-	-	18,010
427,588	199,042	-	-	199,042
277,818	334,952	-	-	334,952
<u>705,406</u>	<u>552,004</u>	<u>-</u>	<u>-</u>	<u>552,004</u>
<u>\$ 239,437</u>	<u>(\$ 25,006)</u>	<u>\$ 181,584</u>	<u>\$ 188,489</u>	<u>\$ 345,067</u>

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

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (MODIFIED CASH BASIS)**  
**YEARS ENDED DECEMBER 31, 1996 AND 1995**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets at December 31, 1994	\$ 627,778	\$ 944,030	\$ 1,728,356	\$ 3,300,164
Change in net assets for the year ended December 31, 1995	( 25,006)	181,584	188,489	345,067
Net assets at December 31, 1995 (as previously reported)	602,772	1,125,614	1,916,845	3,645,231
Prior period adjustment	( 43,155)	-	43,155	-
Net assets at December 31, 1995 - as restated	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	<u>\$ 348,871</u>	<u>\$ 1,525,797</u>	<u>\$ 2,010,000</u>	<u>\$ 3,884,668</u>

The accompanying notes are an integral part of these statements.





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

**CONSOLIDATED STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS**  
**YEARS ENDED DECEMBER 31, 1996 AND 1995**

	<u>1996</u>	<u>1995</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 239,437	\$ 345,067
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of land	( 2,000)	-
Write-down of notes receivable	18,800	-
Depreciation and amortization	2,270	1,007
Changes in operating assets and liabilities:		
Interest receivable and employee advances	5,766	4,014
Inventory	( 5,686)	( 2,781)
Payroll taxes and sales taxes payable	( 959)	342
Net cash provided by operating activities	<u>257,628</u>	<u>347,649</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net (increase) decrease in investments	( 409,082)	165,465
Proceeds from sale of land	8,000	-
Purchase of equipment	( 3,658)	( 500)
Net cash (used in) provided by investing activities	<u>( 404,740)</u>	<u>164,965</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Principal payments on notes payable	-	( 475,000)
Net increase in funds held-in-custody	<u>31,828</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>31,828</u>	<u>( 475,000)</u>
Net (decrease) increase in cash	( 115,284)	37,614
Cash at beginning of year	<u>161,737</u>	<u>124,123</u>
Cash at end of year	<u>\$ 46,453</u>	<u>\$ 161,737</u>
<b><u>Supplemental Disclosures of Cash Flow Information</u></b>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 18,010</u>

The accompanying notes are an integral part of these statements.



**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, 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.

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.

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 is 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. 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.
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.



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued):

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.

Cash Flow Statement

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

Reclassification

Certain amounts in the 1995 financial statements have been reclassified to conform with the current year presentation.

2. Retirement Contributions

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, 1996 and 1995 totaled \$7,020 and \$6,770, respectively.

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.

A promissory note with an original balance of \$45,000 and a book balance of \$18,800 and \$37,600 at December 31, 1996 and 1995, respectively, dated June 29, 1989, is due the Foundation by the Executive Director of the Pennington Biomedical Research Center. The note does not bear interest.



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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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, 1996 and 1995, the market values, which are based on quoted market prices, were \$5,227,208 and \$4,924,341, respectively.

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.

As of December 31, 1996, the future minimum lease payments under this lease were as follows:

<u>Year Ending</u> <u>December 31</u>	
1997	\$ 4,800
1998	4,800
1999	4,800
2000	<u>4,800</u>
	<u>\$ 19,200</u>

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 lesser 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, 1996, was \$74,983.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

8. Funds Held in Escrow

Included in investments at December 31, 1996, 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:

	<u>1996</u>	<u>1995</u>
Private donations	\$ 2,010,000	\$ 1,960,000
Matching funds	<u>1,314,983</u>	<u>1,283,155</u>
	<u>\$ 3,324,983</u>	<u>\$ 3,243,155</u>

9. Prior Period Adjustment

The accompanying financial statements for December 31, 1996 have been restated to correct the classification of permanently restricted net assets. The effect of the restatement was to increase permanently restricted net assets at December 31, 1995 by \$43,155 and to decrease unrestricted net assets at December 31, 1995 by the same amount. There was no effect on the change in net assets during either year.

10. 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.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 1996 were available for specific nutritional research programs being conducted at the Pennington Biomedical Research Center.

SUPPLEMENTAL INFORMATION





# Postlethwaite & Netterville

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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, 1996 and 1995, 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  
July 11, 1997



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

**CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)**  
**YEARS ENDED DECEMBER 31, 1996 AND 1995**

	1996		
	Program Expenses	Management & General Expenses	Total
<b><u>EXPENSES</u></b>			
Salaries	\$ 247,893	\$ 122,523	\$ 370,416
Meetings and symposiums	100,190	16,818	117,008
Depreciation and amortization	1,219	1,050	2,269
Business development	99	14,000	14,099
Copies	-	565	565
Payroll taxes	916	6,919	7,835
Postage	359	1,534	1,893
Telephone	-	877	877
Professional fees	484	29,038	29,522
Benefits	11,499	9,631	21,130
Printing	2,784	5,226	8,010
Contract services	18	1,067	1,085
Recruiting	-	5,350	5,350
Rent	-	10,112	10,112
Research	13,478	7,072	20,550
Supplies	5,413	6,566	11,979
Travel	14,463	5,224	19,687
Miscellaneous	4,185	21,098	25,283
Legal fees	-	2,842	2,842
Honorariums and awards	20,900	3,558	24,458
Investment losses	44	-	44
Cost of sales	3,598	6,201	9,799
Sales tax	46	547	593
	<u>\$ 427,588</u>	<u>\$ 277,818</u>	<u>\$ 705,406</u>

The accompanying notes are an integral part of these schedules.



1995		
<u>Program Expenses</u>	<u>Management &amp; General Expenses</u>	<u>Total</u>
\$ 82,219	\$ 191,845	\$ 274,064
28,396	42,594	70,990
-	1,009	1,009
9,124	3,041	12,165
253	760	1,013
2,332	5,441	7,773
548	1,645	2,193
253	760	1,013
49,307	21,132	70,439
5,972	13,936	19,908
4,656	6,985	11,641
-	824	824
-	1,971	1,971
-	-	-
-	5,598	5,598
-	2,111	2,111
7,409	11,113	18,522
583	2,330	2,913
-	3,199	3,199
7,990	11,985	19,975
-	1,149	1,149
-	4,964	4,964
-	560	560
<u>\$ 199,042</u>	<u>\$ 334,952</u>	<u>\$ 533,994</u>



**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	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%, 5/31/97	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

The accompanying notes are an integral part of this schedule.



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

**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 1995**

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

	1995	
	Total Cost	Market Value
Cash held in trust accounts	\$ 63,915	\$ 63,915
Paragon Treasury Money Market Fund held in trust accounts	727,281	727,281
Paragon Intermediate-term bond fund	102,723	101,354
Paragon Short-term government fund	395,648	388,451
FNMA 10/10/96, 7.05%	48,014	47,616
U.S. Treasury Notes, 5/31/97, 6.75%	401,000	408,124
U.S. Treasury Notes, 9/30/96, 7.00%	27,540	27,338
FNMA REMIC TR-1992-20, CL-20-PE, 10/25/03, 6.75%	59,271	52,108
FNMA REMIC TR-1992-20, CL-16-D, 1/25/12, 7.25%	456,655	517,965
Federated GNMA Trust, 7.16%	250,000	237,753
U.S. Treasury Notes, 2/29/96, 4.625%	64,919	64,939
U.S. Treasury Notes, 7/31/96, 6.125%	59,916	60,300
U.S. Treasury Notes, 8/15/96, 4.375%	32,863	33,819
FNMA, 7/10/96, 8.00%	150,820	152,016
FNMA, 10/10/96, 7.05%	69,191	68,892
U.S. Treasury Notes, 11/15/97, 7.375%	1,681,575	1,743,521
FNMA, 11/15/97, 7.375%	75,070	77,836
U.S. Treasury Money Fund	134,738	134,738
United Companies stock	16,375	16,375
	<u>\$ 4,817,514</u>	<u>\$ 4,924,341</u>

The accompanying notes are an integral part of this schedule.

