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**Pennington Medical Foundation
Baton Rouge, Louisiana
December 31, 2005**

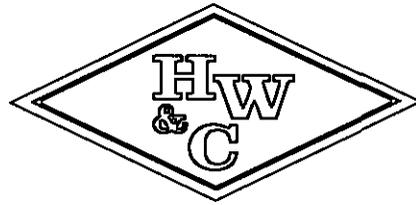
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Release Date 5-24-2006

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HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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CERTIFIED PUBLIC ACCOUNTANTS

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March 29, 2006

Independent Auditor's Report

The Officers and Board of Trustees
Pennington Medical Foundation
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the

**Pennington Medical Foundation
A Non-Profit Organization
Baton Rouge, Louisiana**

as of December 31, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pennington Medical Foundation as of December 31, 2005 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, the Organization changed its policy for determining cash equivalents in 2005.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

**Pennington Medical Foundation
Statement of Financial Position
December 31, 2005**

A s s e t s

Current Assets

Cash and cash equivalents	\$63,765
Investments	92,024,709
Accounts receivable	42,847
Accrued interest	52,944
Accrued royalties	45,159
Prepaid insurance	46,878
Pending trades receivable	<u>5,081</u>
	92,281,383

Assets Held in Trust

3,730,893

Property and Equipment, Net

41,165,795

Total assets

137,178,071

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$1,635,977
Bonds payable, current maturities	2,335,000
Pending trades payable	<u>53,700</u>
	<u>4,024,677</u>

Long-Term Liabilities

Bonds payable, less current maturities	<u>42,495,000</u>
--	-------------------

Net Assets

Unrestricted	43,426,647
Unrestricted - designated	<u>47,231,747</u>
	<u>90,658,394</u>

Total liabilities and net assets

137,178,071

The accompanying notes are an integral part of these statements.

**Pennington Medical Foundation
Statement of Activities
Year Ended December 31, 2005**

<u>Unrestricted</u>	
Revenue	
Investment	\$7,558,403
Rental	146,872
Other	<u>1,500</u>
<u>Total revenue</u>	<u>7,706,775</u>
Expenses	
Program services	6,296,091
General and administrative	<u>1,596,567</u>
<u>Total expenses</u>	<u>7,892,658</u>
Change in Net Assets	(185,883)
Net Assets	
Beginning of year	<u>90,844,277</u>
End of year	<u>90,658,394</u>

The accompanying notes are an integral part of these statements.

**Pennington Medial Foundation
Statement of Functional Expenses
Year Ended December 31, 2005**

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Total</u>
Contracts and supplements	\$1,932,920	\$32,240	\$1,965,160
Pennington Biomedical			
Research Center projects	700,577		700,577
Operations and maintenance	86,229	840,010	926,239
Professional fees	36,821	449,106	485,927
Office expense	13,054	64,155	77,209
Severance tax		37,358	37,358
Foreign taxes		44,927	44,927
Depreciation expense	1,504,628	1,153	1,505,781
General development	11,335	2,471	13,806
Recruitment	34,039		34,039
Travel	49,109		49,109
Insurance		119,116	119,116
Letter of credit and remarketing fees	469,630		469,630
Computer equipment	16,041	3,248	19,289
Supplies	376,159		376,159
Interest	1,013,611		1,013,611
Conferences/symposia	51,068		51,068
Miscellaneous	870	2,783	3,653
	<u>6,296,091</u>	<u>1,596,567</u>	<u>7,892,658</u>

The accompanying notes are an integral part of these statements.

Pennington Medial Foundation
Statement of Cash Flows
Year Ended December 31, 2005

Cash Flows From Operating Activities	
Change in net assets	(\$185,883)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,505,781
Realized gains on investments	(6,913,490)
Unrealized gains on investments	1,028,014
Changes in operating assets and liabilities	
Accounts receivable	(32,681)
Accrued interest	23,027
Accrued royalties	(11,762)
Prepaid expenses	(8,078)
Pending trades receivable	44,338
Accounts payable	1,035,258
Pending trades	<u>33,941</u>
<u>Net cash provided (used) by operating activities</u>	<u>(3,481,535)</u>
Cash Flows From Investing Activities	
Fixed asset additions	(2,234,430)
Purchase of investments	(25,125,604)
Proceeds from sale of investments	29,811,112
Increase in assets held in trust	<u>(3,623,543)</u>
<u>Net cash provided (used) by investing activities</u>	<u>(1,172,465)</u>
Cash Flows From Financing Activities	
Payment on bonds payable	(796,510)
Proceeds from bonds payable	<u>5,451,510</u>
<u>Net cash used by financing activities</u>	<u>4,655,000</u>
Net Increase in Cash	1,000
Cash and Cash Equivalents, beginning of year	<u>62,765</u>
Cash and Cash Equivalents, end of year	<u><u>63,765</u></u>
Supplemental Disclosures of Cash Flow Information	
Cash paid during the year for interest	<u><u>1,121,326</u></u>

The accompanying notes are an integral part of these statements.

Pennington Medical Foundation
Notes to Financial Statements
December 31, 2005

Note 1-Summary of Accounting Policies

A. Nature of Operations

The Pennington Medical Foundation (the Foundation) is a non-profit organization created in 1980 exclusively for scientific purposes in constructing and equipping the Pennington Biomedical Research Center (the Center), a division of the Louisiana State University Agricultural and Mechanical College. The Foundation provides financial support, in conjunction with the Pennington Biomedical Research Foundation (the Research Foundation), for medical research conducted at the Center.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

The Foundation has adopted Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include those net assets whose use by the Foundation is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by the Foundation has been limited by donors (a) to later periods of time or other specific dates, or (b) to specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions permanently limiting the Foundation's use of the asset. The Foundation does not have any temporarily or permanently restricted net assets.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

The Foundation considers all funds on deposit at financial institutions to be cash equivalents.

Pennington Medical Foundation
Notes to Financial Statements
December 31, 2005

Note 1-Summary of Accounting Policies (continued)

F. Investments

The Foundation has adopted Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations* ("SFAS No. 124"). Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income is reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

G. Property and Equipment

Property and equipment are capitalized at cost. Maintenance and repair expenditures are expensed as incurred. Depreciation is computed using straight line and accelerated methods over the estimated useful lives of 5 to 39 years.

H. 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. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation has been classified as an organization other than a private foundation.

I. Capitalized Interest

The Foundation follows the policy of capitalizing interest as a component of the cost of property, plant and equipment constructed for its own use. In 2005, the total interest incurred was \$1,121,326 of which \$1,013,611 was charged to operations.

J. Functional Expenses

Functional expenses are allocated between program services and supporting services, which include fund-raising, merchandise, and general and administrative. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Pennington Medical Foundation
Notes to Financial Statements
December 31, 2005

Note 2-Investments

Investments at December 31, 2005 are comprised of the following:

	<u>Cost</u>	<u>Market Value</u>
Equities	\$29,766,006	\$33,565,773
Alpha Fund Notes	27,000,000	28,360,800
Meridian Diversified Fund	14,784,780	18,394,848
Mineral interest		1,554,613
Louisiana Fund I	80,000	48,320
Money market funds	<u>10,100,355</u>	<u>10,100,355</u>
	<u>81,731,141</u>	<u>92,024,709</u>

Investment earnings are comprised of the following for the year ended December 31, 2005:

Interest income	\$135,362
Dividends	970,169
Realized gains on sales of investments	6,913,490
Unrealized gains (loss) on investments	(1,028,014)
Royalty income	<u>567,396</u>
	<u>7,558,403</u>

Note 3-Assets Held in Trust

Assets held in trust, totaling \$3,730,893 at December 31, 2005, are pledged for the design, construction, and equipping of a population studies research building.

Note 4-Property and Equipment

The following schedule shows the changes in property and equipment for the year ended December 31, 2005:

	<u>2004</u>			<u>Retire-</u>	<u>2005</u>
	<u>Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>ments</u>	<u>Balance</u>
Property and Equipment					
Infrastructure	\$214,460				\$214,460
Less accumulated depreciation	<u>(22,414)</u>	<u>(\$19,205)</u>			<u>(41,619)</u>
<u>Total infrastructure</u>	<u>192,046</u>	<u>(19,205)</u>			<u>172,841</u>
Buildings	39,715,769	2,234,430			41,950,199
Less accumulated depreciation	<u>(1,060,304)</u>	<u>(1,018,299)</u>			<u>(2,078,603)</u>
<u>Total buildings</u>	<u>38,655,465</u>	<u>1,216,131</u>			<u>39,871,596</u>

(Continued)

**Pennington Medical Foundation
Notes to Financial Statements
December 31, 2005**

Note 4-Property and Equipment (Continued)

	<u>2004 Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retire- ments</u>	<u>2005 Balance</u>
Property and Equipment (Continued)					
Equipment	\$2,963,397				\$2,963,397
Less accumulated depreciation	<u>(1,373,762)</u>	<u>(\$468,277)</u>			<u>(1,842,039)</u>
<u>Total equipment</u>	<u>1,589,635</u>	<u>(468,277)</u>			<u>1,121,358</u>
Property and Equipment, Net	<u>40,437,146</u>	<u>728,649</u>			<u>41,165,795</u>

Depreciation expense for the year ended December 31, 2005 was \$1,505,781.

Note 5-Bonds Payable

The Foundation has two bonds payable totaling \$44,830,000 at December 31, 2005. The interest rate at December 31, 2005 was 3%. The bonds are secured by a security interest in the Foundation's assets, and an Irrevocable Direct Pay Letter of Credit \$45,579,214.

\$44,830,000

Less current maturities of bonds payable

(2,335,000)

Bonds payable, less current maturities

42,495,000

In 2006, the Foundation refinanced its debt with a \$2,335,000 line of credit with a variable interest rate and long-term financing of \$42,495,000 with fixed interest rates between 4% and 5%.

The following schedule shows the changes in bonds payable for the year ended December 31, 2005:

<u>2004 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2005 Balance</u>
<u>\$40,175,000</u>	<u>\$5,345,000</u>	<u>(\$690,000)</u>	<u>\$44,830,000</u>

The following schedule shows future principal amounts due.

2006	\$2,335,000
2007	90,000
2008	200,000
2009	1,085,000
2010	1,130,000
2011 and future years	39,990,000

Pennington Medical Foundation
Notes to Financial Statements
December 31, 2005

Note 6-Net Assets Unrestricted - Designated

Unrestricted net assets designated by the Board of Trustees as of December 31, 2005, are as follows:

Series 2001 Debt	\$44,830,000
Maintenance Reserves	<u>2,401,747</u>
	<u>47,231,747</u>

Note 7-Rental Operations

The Foundation leases the Basic Science Building to an unrelated party under an operating lease which expires in 2036 or when the related debt for the building is paid in full. The lease requires an annual payment of \$100 and monthly payments of \$8,213. Revenue from the lease amounted to \$98,660 in 2005.

Note 8-Related Party Transactions

The Foundation has architectural contracts in the amount of \$396,808 with a trustee of the Foundation of which approximately \$303,164 has been incurred as of December 31, 2005

The Foundation pays Pennington Biomedical Research Foundation a monthly fee of \$3,833 for accounting services and administrative support.

Note 9-Management Agreement

On October 10, 1996, the Foundation entered into an agreement with the Pennington Biomedical Research Foundation. This agreement provided that the Research Foundation would undertake the responsibility for the operation and maintenance of the Claude B. Pennington Conference and Education Center, the Pennington Residence Center, the Pennington Health and Fitness Center, and provide the Foundation with professional and administrative services. The Foundation reimburses the Research Foundation for the above services and allows the Research Foundation to retain the revenues generated from the conference center management operations.

The Research Foundation closed the Conference Center during 2005. Effective July 2005, the Foundation no longer reimburses the Research Foundation for these costs. The Foundation paid \$425,000 in 2005 to the Research Foundation for these management expenses.

Note 10-Change in Accounting Principle

During 2005, the Foundation changed its method of accounting for cash and cash equivalents. The Foundation previously included funds in money market accounts that were part of its investment portfolio as cash and cash equivalents. Beginning in 2005, the Foundation elected to include these amounts as part of investments. This change in accounting principle had no effect on the change in net assets.

Pennington Medical Foundation
Notes to Financial Statements
December 31, 2005

Note 10-Change in Accounting Principle (Continued)

The effect of the change on cash and cash equivalents is as follows:

Beginning cash and cash equivalents as previously reported	\$3,554,203
Money market funds transferred to investments	<u>(3,491,438)</u>
Beginning cash and cash equivalents as restated	<u>62,765</u>

Note 11-Concentrations of Credit Risk

The Foundation maintains its cash in deposit accounts at a financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. The balances at times may exceed federally insured limits. At December 31, 2005, the Foundation's deposits exceeded the insured limit by \$32,076.

The Foundation's investments are secured by Securities Investor Protection Corporation (SIPC) for up to \$60 million through insurance purchased by the investment company. However, the \$60 million of protection and SIPC do not insure the quality of investments or protect against losses from fluctuating market values.

Note 12-Fair Values of Financial Instruments

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

Cash, and cash equivalents. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments. The carrying values of investments reported in the statement of financial position are equal to the estimated fair values of those investments. The fair values of investments are based on quoted market prices for those or similar investments.

Bonds payable. The carrying values of bonds payable reported in the statement of financial position are equal to the estimated fair values of the bonds payable. The fair values of the bonds payable have been based upon market quotations for similar debt instruments or estimated using discounted cash flow analysis based upon the Foundation's current incremental borrowing rates for similar types of borrowing arrangements.

Note 13-Commitments

The Foundation has an agreement to fund \$13,360,430 through the year 2010 to support Dr. Bouchard's implementation of Vision 2010.

The Foundation has entered into construction contracts for approximately \$1,737,000 for renovations and an addition to the existing building.

The Foundation has an agreement to invest \$420,000 in a venture capital partnership.

Supplementary Information

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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March 29, 2006

**Independent Auditor's Report
on Supplementary Information**

To the Officers and Board of Trustees
Pennington Medical Foundation
Baton Rouge, Louisiana

Our report on our audit of the basic financial statements of the Pennington Medical Foundation for 2005 appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, in the format presented, is not a required part of the basic financial statements, but is supplementary information required by the Louisiana State University System. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Pennington Medical Foundation
Statement of Net Assets
December 31, 2005

A s s e t s

Current Assets	
Cash and cash equivalents	\$63,765
Investments	92,024,709
Accounts receivable, net	42,847
Pledges receivable	-
Due from other campuses	-
Due from State Treasury	-
Inventories	-
Deferred charges and prepaid expenses	46,878
Notes receivable	-
Other current assets	-
<u>Total current assets</u>	<u>92,281,383</u>
Noncurrent Assets	
Restricted assets:	
Cash and cash equivalents	3,730,893
Investments	-
Accounts receivable, net	-
Notes receivable	-
Other	-
Investments	-
Pledges receivable	-
Capital assets, net	41,165,795
Assets under capital leases, net	-
Other noncurrent assets	-
<u>Total noncurrent assets</u>	<u>44,896,688</u>
Total assets	<u>137,178,071</u>

L i a b i l i t i e s

Current Liabilities	
Accounts payable and accrued liabilities	1,635,977
Due to other campuses	-
Due to State Treasury	-
Deferred revenues	-
Amounts held in custody for others	-
Compensated absences payable	-
Capital lease obligations	-
Notes payable	-
Contracts payable	-
Bonds payable	2,335,000
Other current liabilities	53,700
<u>Total current liabilities</u>	<u>4,024,677</u>
Noncurrent Liabilities	
Amounts held in custody for others	-
Compensated absences payable	-
Capital lease obligations	-
Notes payable	-
Contracts payable	-
Bonds payable	42,495,000
Other noncurrent liabilities	-
<u>Total noncurrent liabilities</u>	<u>42,495,000</u>
<u>Total liabilities</u>	<u>46,519,677</u>

N e t A s s e t s

Invested in capital assets, net of related debt	66,688
Restricted for:	
Nonexpendable	-
Expendable	-
Unrestricted	90,591,706
<u>Total net assets</u>	<u>90,658,394</u>

Pennington Medical Foundation
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2005

Operating Revenues		
Student tuition and fees		-
Less scholarship allowances		-
Net student tuition and fees		-
Gifts received by the foundations		-
Endowment income (component units only)		-
Federal appropriations		-
Federal grants and contracts		-
State and local grants and contracts		-
Nongovernmental grants and contracts		-
Sales and services of educational departments		-
Hospital income		-
Auxiliary enterprise revenues, including revenues pledged as security for bond issues		-
Less scholarship allowances		-
Net auxiliary revenues		-
Other operating revenue		<u>\$148,372</u>
Total operating revenues		<u>148,372</u>
Operating Expenses		
Educational and general		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		-
Institutional support		-
Operation and maintenance of plant		-
Scholarships and fellowships		-
Auxiliary enterprises		-
Hospital		-
Other operating expenses		<u>1,596,567</u>
Total operating expenses		<u>1,596,567</u>
Operating income (loss)		<u>(1,448,195)</u>
Nonoperating Revenues and (Expenses)		
State appropriations		-
Gifts		-
Net investment income (loss)		7,558,403
Interest expense		(1,013,611)
Payments to or on behalf of the university		(5,282,480)
Other nonoperating revenues (expenses)		-
Net nonoperating revenues (expenses)		<u>1,262,312</u>
Income before other revenues, expenses, gains, and losses		<u>(185,883)</u>
Capital appropriations		-
Capital gifts and grants		-
Additions to permanent endowments		-
Other additions, net		-
Increase (decrease) in net assets		<u>(185,883)</u>
Net assets at beginning of year		<u>90,844,277</u>
Net assets at end of year		<u>90,658,394</u>

Note A. 15 Component Units

Each component unit should provide the following:

1. A brief description of the component unit.

The Pennington Medical Foundation is a legally separate, tax-exempt organization supporting the LSU System, specifically the following campus: Pennington Biomedical Research Center. This foundation was included in the university's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended December 31, 2005, the Pennington Medical Foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes in the amount of \$5,282,480.

Complete financial statements for the Pennington Medical Foundation can be obtained from:

J. Brad Jewell, CPA, MPA
6400 Perkins Road
Baton Rouge, LA 70808

The Pennington Medical Foundation is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the university's financial report for these differences.

Pennington Medical Foundation
Schedule of Capital Assets (Schedule includes capital leases)

	Balance 12/31/2004	Prior Period Adjustment	Restated Balance 12/31/2004	Additions	Transfers	Retirements	Balance 12/31/2005
Capital assets not being depreciated							
Land	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Livestock	--	--	--	--	--	--	--
Construction in progress	--	--	--	2,234,430	--	--	2,234,430
Total capital assets not being depreciated	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,234,430</u>	<u>--</u>	<u>--</u>	<u>2,234,430</u>
Other capital assets							
Infrastructure	214,460	--	214,460	--	--	--	214,460
Less accumulated depreciation	<u>(22,414)</u>	<u>--</u>	<u>(22,414)</u>	<u>(19,205)</u>	<u>--</u>	<u>--</u>	<u>(41,619)</u>
Total infrastructure	<u>192,046</u>	<u>--</u>	<u>192,046</u>	<u>(19,205)</u>	<u>--</u>	<u>--</u>	<u>172,841</u>
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total land improvements	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Buildings	39,715,769	--	39,715,769	(1,018,300)	--	--	39,715,769
Less accumulated depreciation	<u>(1,060,304)</u>	<u>--</u>	<u>(1,060,304)</u>	<u>(1,018,300)</u>	<u>--</u>	<u>--</u>	<u>(2,078,604)</u>
Total buildings	<u>38,655,465</u>	<u>--</u>	<u>38,655,465</u>	<u>(1,018,300)</u>	<u>--</u>	<u>--</u>	<u>37,637,165</u>
Equipment	2,963,397	--	2,963,397	--	--	--	2,963,397
Less accumulated depreciation	<u>(1,373,762)</u>	<u>--</u>	<u>(1,373,762)</u>	<u>(468,276)</u>	<u>--</u>	<u>--</u>	<u>(1,842,038)</u>
Total equipment	<u>1,589,635</u>	<u>--</u>	<u>1,589,635</u>	<u>(468,276)</u>	<u>--</u>	<u>--</u>	<u>1,121,359</u>
Library books	--	--	--	--	--	--	--
Less accumulated depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total library books	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other capital assets	<u>40,437,146</u>	<u>--</u>	<u>40,437,146</u>	<u>(1,505,781)</u>	<u>--</u>	<u>--</u>	<u>38,931,365</u>
Capital Asset Summary							
Capital assets not being depreciated	--	--	--	2,234,430	--	--	2,234,430
Other capital assets, at cost	<u>42,893,626</u>	<u>--</u>	<u>42,893,626</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>42,893,626</u>
Total cost of capital assets	<u>42,893,626</u>	<u>--</u>	<u>42,893,626</u>	<u>2,234,430</u>	<u>--</u>	<u>--</u>	<u>45,128,056</u>
Less accumulated depreciation	<u>(2,456,480)</u>	<u>--</u>	<u>(2,456,480)</u>	<u>(1,505,781)</u>	<u>--</u>	<u>--</u>	<u>(3,962,261)</u>
Capital assets, net	<u>40,437,146</u>	<u>--</u>	<u>40,437,146</u>	<u>728,649</u>	<u>--</u>	<u>--</u>	<u>41,165,795</u>

Note 1. Bonds & notes payable & capital leases.

	Balance December 31, 2004	Additions	Reductions	Balance at December 31, 2005	Amounts due within one year
<u>UNIVERSITY</u>					
Bond, Notes Payable and Capital Leases					
Bonds payable	\$ --	\$ --	\$ --	\$ --	\$ --
Notes payable	--	--	--	--	--
Capital lease obligations	--	--	--	--	--
Total bonds, notes and capital leases	--	--	--	--	--
Other Liabilities					
Amounts held in custody for others	--	--	--	--	--
Compensated absences payable	--	--	--	--	--
Contracts payable	--	--	--	--	--
Total other liabilities	--	--	--	--	--
Total long-term liabilities	--	--	--	--	--
<u>COMPONENT UNITS</u>					
Bond, Notes Payable and Capital Leases					
Bonds payable	40,175,000	5,345,000	690,000	44,830,000	2,335,000
Notes payable	--	--	--	--	--
Capital lease obligations	--	--	--	--	--
Total bonds, notes and capital leases	<u>40,175,000</u>	<u>5,345,000</u>	<u>690,000</u>	<u>44,830,000</u>	<u>2,335,000</u>
Other Liabilities					
Amounts held in custody for others	--	--	--	--	--
Compensated absences payable	--	--	--	--	--
Contracts payable	--	--	--	--	--
Total other liabilities	--	--	--	--	--
Total long-term liabilities	<u>40,175,000</u>	<u>5,345,000</u>	<u>690,000</u>	<u>44,830,000</u>	<u>2,335,000</u>
<u>COMBINED TOTAL</u>					
Bond, Notes Payable and Capital Leases					
Bonds payable	40,175,000	5,345,000	690,000	44,830,000	2,335,000
Notes payable	--	--	--	--	--
Capital lease obligations	--	--	--	--	--
Total bonds, notes and capital leases	<u>40,175,000</u>	<u>5,345,000</u>	<u>690,000</u>	<u>44,830,000</u>	<u>2,335,000</u>
Other Liabilities					
Amounts held in custody for others	--	--	--	--	--
Compensated absences payable	--	--	--	--	--
Contracts payable	--	--	--	--	--
Total other liabilities	--	--	--	--	--
Total long-term liabilities	<u>40,175,000</u>	<u>5,345,000</u>	<u>690,000</u>	<u>44,830,000</u>	<u>2,335,000</u>

Note P. Capital Leases

CAMPUSES AND COMPONENT UNITS COMPLETE THE APPROPRIATE SECTION .

UNIVERSITY CAPITAL LEASES

Nature of Lease	Date of Lease	University	Last payment date	Remaining Interest to End of Lease	Remaining Principal to End of Lease
		gross amount of leased assets (historical cost)			
a. Office space	--	\$ --	--	\$ --	\$ --
b. Equipment	--	--	--	--	--
c. Land	--	--	--	--	--
Total assets under capital lease		==		==	==

PENNINGTON MEDICAL FOUNDATION CAPITAL LEASES

Nature of Lease	Date of Lease	University	Last payment date	Remaining Interest to End of Lease	Remaining Principal to End of Lease
		gross amount of leased assets (historical cost)			
a. Office space	--	\$ --	--	\$ --	\$ --
b. Equipment	--	--	--	--	--
c. Land	--	--	--	--	--
Total assets under capital lease		==		==	==

Note P. Lessor Direct Financing Leases

CAMPUSES AND COMPONENT UNITS COMPLETE THE APPROPRIATE SECTION .

UNIVERSITY COMPOSITION OF LEASE	Date of Lease	Minimum Lease Payment Receivable	Remaining Interest to End of Lease	Remaining Principal to End of Lease
Office space	--	\$ --	\$ --	\$ --
Equipment	--	--	--	--
Land	--	--	--	--
		--	--	--
Less amounts representing executory costs		(--)	(--)	(--)
Minimum lease payment receivable		--	--	--
Less allowance for doubtful accounts		(--)	(--)	(--)
Net minimum lease payments receivable		--	--	--
Estimated residual values of leased property		--	--	--
		--	--	--
Less unearned income		(--)	(--)	(--)
Net investment in direct financing leases		\$ --	\$ --	\$ --

COMPONENT UNIT(S) COMPOSITION OF LEASE	Date of Lease	Minimum Lease Payment Receivable	Remaining Interest to End of Lease	Remaining Principal to End of Lease
Office space	--	\$ --	\$ --	\$ --
Equipment	--	--	--	--
Land	--	--	--	--
		--	--	--
Less amounts representing executory costs		(--)	(--)	(--)
Minimum lease payment receivable		--	--	--
Less allowance for doubtful accounts		(--)	(--)	(--)
Net minimum lease payments receivable		--	--	--
Estimated residual values of leased property		--	--	--
		--	--	--
Less unearned income		(--)	(--)	(--)
Net investment in direct financing leases		\$ --	\$ --	\$ --

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land or building, etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2005 were

\$ --	for office space
\$ --	for equipment
\$ --	for land

Note P. Future Minimum Lease Receivables

CAMPUSES AND COMPONENT UNITS COMPLETE THE APPROPRIATE SECTION .

The following is a schedule by years of minimum lease receivable for the remaining fiscal years of the lease as of December 31, 2005.

<u>YEAR ENDING</u>	<u>Future minimum lease payment</u>		
	<u>Universities</u>	<u>Component Unit(s)</u>	<u>Total</u>
2006	\$ --	\$ --	\$ --
2007	--	--	--
2008	--	--	--
2009	--	--	--
2010	--	--	--
2011-2015	--	--	--
2016-2020	--	--	--
2021-2025	--	--	--
Total	--	--	--

Note T. Prior Year Restatement of Net Assets

CAMPUSES AND COMPONENT UNITS COMPLETE THE APPROPRIATE SECTION .

The following adjustments were made to restate beginning net assets for December 31, 2005.

	Beginning net assets, 12/31/2004, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, 12/31/2004, <u>as restated</u>
System	\$ <u> -</u>	\$ <u> --</u>	\$ <u> --</u>
Components Unit(s)	<u>90,844,277</u>	<u> --</u>	<u>90,844,277</u>
Total	<u>\$90,844,277</u>	<u>\$ --</u>	<u>\$90,844,277</u>

Explanation: (list below)

N/A

SCHEDULE I-A COMPONENT UNIT

STATE OF LOUISIANA

Louisiana State University System
Pennington Medical Foundation
SCHEDULE OF BONDS PAYABLE
 December 31, 2005

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding 12/31/04</u>	<u>(Redeemed) Issued</u>	<u>Principal Outstanding 12/31/05</u>	<u>Interest Rates</u>	<u>Interest Outstanding 12/31/05</u>
<u>Pennington Medical Foundation</u>							
Series 2001 Debt	04/01/01	\$40,815,000	\$40,175,000	(\$690,000)	\$39,485,000	3.00%	\$ --
Series 2005 Debt	07/01/05	<u>5,345,000</u>	<u> </u>	<u>5,345,000</u>	<u>5,345,000</u>	2.70%	<u>\$ --</u>
Total		<u>46,160,000</u>	<u>40,175,000</u>	<u>4,655,000</u>	<u>44,830,000</u>		<u>\$ --</u>

SCHEDULE 2-B COMPONENT UNIT

Pennington Medical Foundation

SCHEDULE OF NOTES PAYABLE AMORTIZATION
December 31, 2005

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	--	--	--
2007	--	--	--
2008	--	--	--
2009	--	--	--
2010	--	--	--
2011 - 2015	--	--	--
2016 - 2020	--	--	--
2021 - 2025	--	--	--
2026 - 2030	--	--	--
2031 - 2035	--	--	--

SCHEDULE 2-A COMPONENT UNIT

Pennington Medical Foundation

SCHEDULE OF BONDS PAYABLE AMORTIZATION

December 31, 2005

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$2,335,000	\$1,136,541	\$3,471,541
2007	90,000	2,220,865	2,310,865
2008	200,000	2,217,265	2,417,265
2009	1,085,000	2,209,265	3,294,265
2010	1,130,000	2,165,865	3,295,865
2011	1,175,000	2,120,665	3,295,665
2012	1,225,000	2,073,665	3,298,665
2013	1,285,000	2,012,415	3,297,415
2014	1,350,000	1,948,165	3,298,165
2015	1,415,000	1,880,665	3,295,665
2016	1,485,000	1,809,915	3,294,915
2017	1,560,000	1,735,665	3,295,665
2018	1,640,000	1,657,665	3,297,665
2019	1,720,000	1,575,665	3,295,665
2020	1,805,000	1,489,665	3,294,665
2021	1,895,000	1,399,415	3,294,415
2022	1,990,000	1,304,665	3,294,665
2023	2,090,000	1,205,165	3,295,165
2024	2,195,000	1,100,665	3,295,665
2025	2,305,000	990,915	3,295,915
2026	2,420,000	875,665	3,295,665
2027	2,540,000	754,665	3,294,665
2028	2,665,000	627,665	3,292,665
2029	2,800,000	494,415	3,294,415
2030	2,940,000	354,415	3,294,415
2031	1,490,000	100,178	1,590,178
2032	--	--	--
2033	--	--	--
2034	--	--	--
2035	--	--	--
Total	<u>44,830,000</u>	<u>37,461,779</u>	<u>82,291,779</u>

Schedule 2-A (Component Unit)

SCHEDULE 2-C COMPONENT UNIT

Pennington Medical Foundation

SCHEDULE OF CAPITAL LEASE AMORTIZATION
December 31, 2005

<u>Fiscal Year Ending</u>	<u>Beginning Balance</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2006	--	--	--	--	--
2007	--	--	--	--	--
2008	--	--	--	--	--
2009	--	--	--	--	--
2010	--	--	--	--	--
2011 - 2015	--	--	--	--	--
2016 - 2020	--	--	--	--	--
2021 - 2025	--	--	--	--	--
2026 - 2030	--	--	--	--	--
2031 - 2035	--	--	--	--	--
Total	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>

SCHEDULE 2-D COMPONENT UNIT

Pennington Medical Foundation

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
December 31, 2005

Fiscal Year	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>
2006		--	--
2007		--	--
2008		--	--
2009		--	--
2010		--	--
2011		--	--
2012		--	--
2013		--	--
2014		--	--
2015		--	--
2016		--	--
2017		--	--
2018		--	--
2019		--	--
2020		--	--
2021		--	--
2022		--	--
2023		--	--
2024		--	--
2025		--	--
2026		--	--
2027		--	--
2028		--	--
2029		--	--
2030		--	--
2031		--	--
2032		--	--
2033		--	--
2034		--	--
2035		--	--
		<hr/>	<hr/>
Total		<hr/> <hr/>	<hr/> <hr/>