LSU ALUMNI ASSOCIATION AND SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

LSU ALUMNI ASSOCIATION AND SUBSIDIARY
Baton Rouge, Louisiana

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December 31, 2022

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
LSU Alumni Association and Subsidiary
Baton Rouge, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of the **LSU ALUMNI ASSOCIATION AND SUBSIDIARY** (collectively referred to as the "Association") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association as of December 31, 2022, and the changes in net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United Stated of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(continued)

6811 Jefferson Highway | Baton Rouge, LA 70806 | (225) 927-6811 | Facsimile: (225) 932-0000
1404 S. Burnside Avenue | Gonzales, LA 70737 | (225) 647-6811

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of activities is presented for purposes of additional analysis and it not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedule of activities is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Association's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 6, 2023

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022
(with comparative amounts for 2021)

ASSETS

	2022	2021
CURRENT:		
Cash and cash equivalents	$ 868,847	$ 1,667,904
Accounts receivable, net	885,230	979,726
Inventory, net	94,245	78,183
Pledges receivable, net	354,356	223,833
Prepaid expenses	197,420	189,769
Total current assets	2,400,098	3,139,415
INVESTMENTS	22,344,740	27,336,874
LONG-TERM PLEDGES RECEIVABLE, net	422,557	347,648
PROPERTY AND EQUIPMENT, net	12,416,155	13,308,400
RIGHT-OF-USE ASSETS - FINANCE LEASE, net	109,029	-
DEFERRED INCOME TAXES, net	712,000	668,000
OTHER ASSETS	10,318	10,318
Total assets	$ 38,414,897	$ 44,810,655

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 1,080,192	$ 1,139,949
Deferred revenue	102,363	103,588
Current portion of notes payable	319,658	309,604
Current portion of finance lease liabilities	34,584	-
Total current liabilities	1,536,797	1,553,141
NOTES PAYABLE, less current portion	1,558,299	1,902,537
FINANCE LEASE LIABILITIES, less current portion	75,498	-
PAYCHECK PROTECTION PROGRAM LOAN	-	568,360
ACCRUED VACATION PAYABLE	189,045	157,507
Total liabilities	3,359,639	4,181,545
NET ASSETS:		
Without donor restriction	14,486,003	15,174,082
With donor restriction	20,569,255	25,455,028
Total net assets	35,055,258	40,629,110
Total liabilities and net assets	$ 38,414,897	$ 44,810,655

The accompanying notes to consolidated financial statements
are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2022
(with summarized comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
REVENUE AND SUPPORT:				
Donations	$ 1,567,937	$ 549,908	$ 2,117,845	$ 2,181,182
Earned:				
Hotel	4,072,868	-	4,072,868	3,480,754
Merchandise, sales, and trip	1,175,062	-	1,175,062	954,208
Rental and catering	702,592	-	702,592	491,916
Investment, net of fees	(382,983)	(4,225,870)	(4,608,853)	2,573,155
Royalties	234,885	-	234,885	231,126
Other	153,394	-	153,394	208,082
Total revenue and support	7,523,755	(3,675,962)	3,847,793	10,120,423
NET ASSETS RELEASED FROM RESTRICTIONS:				
Appropriations from donor endowments	1,209,811	(1,209,811)	-	-
Total revenue, support, and net assets released from restrictions	8,733,566	(4,885,773)	3,847,793	10,120,423
EXPENSES:				
Program:				
Alumni	2,668,600	-	2,668,600	2,746,211
The Cook Hotel	4,363,339	-	4,363,339	3,674,733
Fundraising	975,624	-	975,624	645,586
General and administrative	1,952,493	-	1,952,493	1,825,253
Total expenses	9,960,056	-	9,960,056	8,891,783
Change in net assets, before other income (expenses) and income taxes	(1,226,490)	(4,885,773)	(6,112,263)	1,228,640
OTHER INCOME (EXPENSE):				
Interest expense	(73,949)	-	(73,949)	(75,906)
Paycheck Protection Program loan forgiveness	568,360	-	568,360	568,300
Employee Retention Tax Credit	-	-	-	438,439
Total other, net	494,411	-	494,411	930,833
PROVISION FOR INCOME TAXES:				
Deferred tax benefit	44,000	-	44,000	28,000
Change in net assets	(688,079)	(4,885,773)	(5,573,852)	2,187,473
NET ASSETS				
Beginning of year	15,174,082	25,455,028	40,629,110	38,441,637
End of year	$ 14,486,003	$ 20,569,255	$ 35,055,258	$ 40,629,110

The accompanying notes to consolidated financial statements are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022
(with comparative amounts for 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (5,573,852)	$ 2,187,473
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,116,231	1,002,832
Bad debt expense	-	228,595
Income tax provision	(44,000)	(28,000)
Realized loss (gain) on investments, net	645,026	(1,698,603)
Unrealized loss (gain) on investments, net	4,450,057	(269,924)
Contributions with donor restrictions for endowment	(549,908)	(637,285)
Forgiveness of Paycheck Protection Program loan	(568,360)	(568,300)
Change in operating assets and liabilities:		
Net change in gross pledges receivable	(205,432)	235,856
Decrease in allowance for pledges receivable	-	(136,749)
Net change in other operating assets	70,783	(894,824)
Net change in operating liabilities	(29,444)	455,020
Net cash used for operating activities	(688,899)	(123,909)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,161,959)	(1,305,249)
Proceeds from sale of investments	1,059,010	2,197,742
Acquisition of property and equipment	(190,062)	(1,509,960)
Net cash used for investing activities	(293,011)	(617,467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions with donor restrictions into endowment	549,908	637,285
Principal payments on finance lease assets	(32,871)	-
Proceeds from Paycheck Protection Program loan	-	568,360
Principal payments on note payable	(334,184)	(150,021)
Net cash provided by financing activities	182,853	1,055,624
Net increase (decrease) in cash and cash equivalents	(799,057)	314,248
CASH AND CASH EQUIVALENTS		
Beginning of year	1,667,904	1,353,656
End of year	$ 868,847	$ 1,667,904

The accompanying notes to consolidated financial statements
are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022
(with comparative amounts for 2021)

	2022	2021
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 73,949	$ 75,906
Supplemental disclosure of noncach investing activities:		
Right-of-use assets obtained through lease liabilities	$ 142,953	$ -

The accompanying notes to consolidated financial statements
are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022
(with summarized comparative totals for 2021)

	Program				General and	Total	
	Alumni	The Cook Hotel	Total Program	Fundraising	Administrative	2022	2021
EXPENSES:							
Salaries and wages	$ 1,306,127	$ 904,816	$ 2,210,943	$ 223,084	$ 186,821	$ 2,620,848	$ 2,368,575
Payroll taxes and benefits	210,563	113,370	323,933	35,964	30,117	390,014	376,208
Depreciation and amortization	-	467,616	467,616	-	648,615	1,116,231	1,002,832
Scholarships and professorships	1,027,057	-	1,027,057	-	-	1,027,057	1,044,251
Utilities	-	380,205	380,205	-	388,334	768,539	528,950
Hotel operations	-	639,856	639,856	-	-	639,856	539,196
Special events and ticket purchases	-	82,235	82,235	403,164	-	485,399	324,560
Professional and contracted services	-	170,267	170,267	-	304,360	474,627	468,759
Travel and sports trips	-	347,073	347,073	70,308	-	417,381	384,192
Repairs and maintenance	-	178,550	178,550	-	180,384	358,934	252,503
Catering	93,246	242,101	335,347	-	-	335,347	251,080
Cost of merchandise sold	-	210,217	210,217	-	-	210,217	200,080
Supplies	-	176,670	176,670	-	27,703	204,373	148,162
Fees	-	191,398	191,398	-	281	191,679	134,732
Insurance	-	101,541	101,541	-	87,672	189,213	141,625
Printing	-	1,816	1,816	130,844	-	132,660	117,467
Taxes	-	66,576	66,576	-	1,790	68,366	50,524
Telephone	21,649	24,506	46,155	3,698	3,096	52,949	66,256
Postage	-	16,703	16,703	35,095	-	51,798	43,504
Promotional supplies	-	6,880	6,880	40,933	-	47,813	51,215
Dues and subscriptions	-	13,603	13,603	-	19,460	33,063	31,641
Advertising		25,791	25,791	13,034	-	38,825	20,382
Equipment rentals	-	916	916	-	20,497	21,413	55,709
Official functions and entertainment	-	633	633	12,811	-	13,444	1,024
Other university support	9,959	-	9,959	-	-	9,959	9,200
Donor recognition	-	-	-	6,689	-	6,689	4,302
Bad debt	-	-	-	-	-	-	228,595
Miscellaneous	-	-	-	-	53,362	53,362	46,259
Total expenses	$ 2,668,600	$ 4,363,339	$ 7,031,939	$ 975,624	$ 1,952,493	$ 9,960,056	$ 8,891,783

The accompanying notes to consolidated financial statements
are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The LSU Alumni Association is a non-profit corporation organized to foster, protect, and promote the welfare of Louisiana State University and Agricultural and Mechanical College (the University) and to maintain a mutually beneficial relationship between the University and its alumni. The majority of the Association's revenues are derived from contributions made by individual alumni and various organizations, as well as revenues earned through the Alumni Center and Hotel. The Lod and Carole Cook Conference Center and Hotel, LLC (the Hotel), is a wholly-owned subsidiary that operates the for-profit activities of the Association. The Alumni Center and Hotel are located on land owned by the University.

Basis of presentation and consolidation

The consolidated financial statements of the Association have been prepared on the accrual basis of accounting. All intercompany transactions and balances have been eliminated. The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements. The Association reports information regarding financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's consolidated financial statements for 2021, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates. Estimates are used primarily when accounting for the valuation of receivables (allowances and discount to present value), inventory, depreciation, amortization, right-of-use assets, lease liabilities, prepaid expenses, deferred revenue, and deferred income taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional or when cash is received. Unconditional contributions with donor restrictions are reported as increases in net assets with donor restrictions and are internally tracked as purpose restricted or held in perpetuity, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions. Contributions to certain endowment funds are restricted by the donor to be maintained in perpetuity and the related income earned is classified and expended according to the donor's stipulations.

Pledges receivable are recognized as revenue in the period received. Pledges receivable are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Revenues from exchange transactions primarily consist of hotel room and facility rentals, travel package sales, catering services, and merchandise sales. The Association has determined that the transaction prices related to contracts entered through exchange transactions are primarily attributable to one performance obligation (room and facility space rentals, travel package sales, catering services, merchandise sales, etc.). Payments are sometimes received in advance of providing the service and are reported as deferred revenue. The Association recognizes revenue when the performance obligation is satisfied (rooms are checked in, sport events are attended, merchandise is purchased/shipped, etc.).

Sales and other taxes the Hotel (Association) collects in conjunction with these activities are excluded from revenue. Other incidental items that are immaterial in context of the contract, along with costs incurred to obtain a contract, are expensed as incurred.

Generally, the Hotel's (Association) business does not give rise to variable consideration due to the fact that there are no significant rebates, allowances, or returns that decrease the original transaction price. Additionally, the Association has no contract assets or liabilities at December 31, 2022.

Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers all demand deposits and money market accounts to be cash and cash equivalents, except cash and cash equivalents that are restricted by donors, which are included with endowed investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges receivable

Pledges receivable are recorded net of any allowance for doubtful pledges that is based on management's estimate of collectability. The Association records contributions received as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Accounts receivable

Accounts receivable are recorded at invoiced amounts, net of an allowance for doubtful accounts. A general allowance for doubtful accounts is based on management's estimate of the collectability of accounts receivable according to prior experience. Management considers accounts receivable delinquent based on contractual terms. The Association does not require collateral for its receivables. Accounts receivable outstanding more than 90 days totaled $60,904 at December 31, 2022. See Note 3.

Inventory

Inventory consists of merchandise for resale and is recorded at cost, net of an allowance for obsolescence. The Association uses the First-In-First-Out (FIFO) method to account for its inventory. The Association has a reserve for slow-moving inventory of $18,646 at December 31, 2022.

Investment valuation and income recognition

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment valuation and income recognition (Continued)

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Investments in equity securities and shares of mutual funds with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. Investments in non-exchange traded debt and equity instruments are valued using independent pricing services or by broker-dealers who actively make markets in these securities. Investments in equity securities without readily determinable fair values and that do not qualify for the practical expedient to estimate fair value are measured at cost minus impairment, if any.

Realized and unrealized gains and losses are recorded in current year operations as increases or decreases in net assets. Dividends, interest, and other investment income are recorded as an increase in net assets.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. The Association typically converts donated investments to cash as soon as possible upon receipt with the proceeds deposited into the Association's investment accounts. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification cost method. These realized gains and losses are recognized in current year operations as increases or decreases in net assets.

Fair value of financial instruments

The carrying value of cash, receivables, prepaid expenses, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rated offered for debt of comparable maturities and collateral requirements. Financial instruments are not held for trading purposes.

Property and equipment

Property and equipment are carried at cost. Additions and improvements that extend the useful lives of assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment, ranging from three to thirty-nine years.

The Association does not capitalize its collection at the Andonie Museum, which is located on the LSU campus. The collection consists of historical objects related to LSU sports history which have been estimated to have a market value of approximately $630,000 at the date of acquisition. There were no significant changes to the collection during 2022.

Periodically, the Association reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

Impairment is measured by comparing the carrying value of the sum of the expected future cash flows resulting from the use of the asset and its eventual disposition. The Association did not have any impairment of assets during the year ended December 31, 2022.

Right-of-use (ROU) assets

Right-of-use assets are a result of leases in which the Association has entered into a contract with a lessor that conveys control of the right-to-use the lessor's nonfinancial asset (the underlying asset) as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the financial statements, net of amortization. Right-of-use assets are classified as finance or operating leased assets and amortized at the lesser of the useful life or the lease term. Amortization is computed using the straight-line method over the estimated useful lives of the leased assets. The Association has no operating lease assets at December 31, 2022. See Note 6.

Income taxes and unrelated business income

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code for the majority of the Association's revenues; however, the Association's subsidiary, the Hotel, is a for-profit corporation for income tax purposes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income during the period that includes the enactment date.

The Association follows the provisions of the FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Association's open audit periods are 2019 through 2022.

Deferred revenues

Prepayment of funds that are received for lodging and sports trips, or deposits for events scheduled in the subsequent year, are recorded as deferred revenues until they are earned.

Advertising

During 2022, the Association expensed $86,638 in advertising and promotional costs as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current accounting standards implemented

The Association implemented FASB Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, effective January 1, 2022. The ASU's core principle is that "a lessee should recognize the assets and liabilities that arise from leases." The ASU considered that "all leases create an asset and a liability," and accordingly requires recording the assets and liabilities related to all leases with a term greater than 12 months. Concurrent with the implementation of ASU 2016-02, the Association adopted ASU 2018-11 "*Leases (topic 842): Targeted Improvements*," which intended to simplify the transition requirement giving the Association the option to apply the transition provisions of the new standard at the date of adoption instead of at the earliest comparative period. This adoption of these standards were applied to all lease agreements using the modified retrospective method, and when implemented with ASU 2018-11, allowed the Association to recognize the leased assets and liabilities on it balance sheet beginning on January 1, 2022 without restating prior periods. In adopting the standard at January 1, 2022, the Association recognized right-of-use finance assets and corresponding lease liabilities totaling $142,953. Implementation of these standards had no material effect on net income; therefore, no adjustment to retained earnings was recorded. Additionally, the adoption of these standards had no effect on cash flows.

As of January 1, 2022, the Association adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets.* The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Association's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

In 2022, the Hotel (Association) adopted ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740).* The decisions reflected in the ASU update specific areas of ASC 740, *Income Taxes*, to reduce complexity while maintaining or improving the usefulness of the information provided to the users of the financial statements. Implementation of this update had no impact on the Hotel's net income for the years ended December 31, 2022 and 2021.

Subsequent events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 6, 2023, which was the date the financial statements were available to be issued.

(continued)

NOTE 2 - INVESTMENTS

Investments, at December 31, 2022, consisted of the following:

	Amount	
	Market	Cost
Equities	$11,292,203	$ 10,603,599
Mutual funds	5,341,868	6,107,089
Fixed income	5,288,227	5,667,417
Money market funds	422,442	422,442
Stock in privately held companies	-	3,417,254
Total	$22,344,740	$ 26,217,801

The summary of investment return and its classification in the consolidated statement of activities for the year ended December 31, 2022 is as follows:

	Amount
Unrealized gains, net	$ (4,450,057)
Interest and dividends	627,043
Realized gains, net	(645,026)
Investment fees	(140,813)
Total	$ (4,608,853)

At December 31, 2022, the fair value hierarchy of the Association's investments was as follows:

	Amount			
	Level 1	Level 2	Level 3	Total
Equities	$ 11,292,203	$ -	$ -	$ 11,292,203
Mutual funds	-	5,341,868	-	5,341,868
Fixed income	-	5,288,227	-	5,288,227
Money market funds	422,442	-	-	422,442
Stock in privately held company	-	-	-	-
Total	$ 11,714,645	$ 10,630,095	$ -	$ 22,344,740

(continued)

NOTE 2 - INVESTMENTS (CONTINUED)

Stock in privately held company (the Company)

The Association invested in a Company that has developed a medical device to provide alternative treatment to prescribed medication for various disorders. The former Board Chairman of the Company was a board member of the Association at the time the original investment was made.

On February 2014, the Association and the Company entered into an unsecured note purchase agreement where the Association purchased a convertible promissory note in the principal amount of $2,000,000, with interest accruing at the rate of 10-percent per annum and maturing on the first to occur of: (i) two year anniversary of the note (February 2016), (ii) merger or consolidation or other reorganization of the Company, with or into one or more entities, or (iii) the liquidation or dissolution of the Company. Furthermore, if maturity of the note occurs on the provisions defined in (ii) above, the outstanding note would be converted into shares of the surviving entity.

Upon maturity of the original agreement with the Company in 2016, the Association and the Company entered into second agreement to extend the original maturity date to October 2017 and convert previously accrued interest of $434,521 on the original note into principal ($2,434,521 in principal balance) and increase the interest rate to 12-percent per annum. In 2017, the Association and the Company entered into a third agreement to extend the maturity date to April 2019 and convert previously accrued interest of $413,451 on the note into principal ($2,847,972 in principal balance). In 2019, the Association and the Company entered into a fourth agreement to extend the maturity date to June 2021 and convert previously accrued interest into principal of $569,282 on the note into principal ($3,417,254 in principal balance). In May 2021, the Association and the Company entered into a fifth agreement to extend the maturity date to June 1, 2022.

On October 14, 2021, the Association and the Company agreed to a debt conversion agreement, whereby the Association agreed to convert its outstanding note purchase agreement with the Company in the principal amount of $3,417,254 into capital stock, contingent upon the Company acquiring certain financing requirements from a third-party investor. On December 31, 2021, the Company acquired the financing, and as a result, the Association's note purchase agreement was converted into 14,500,893 shares of capital stock of the Company.

Prior to the conversion of the note receivable, the Association recorded impairment losses on the note purchase agreement of $3,417,254 and related accrued interest as of $649,278.

As of December 31, 2022, the Company's unaudited financial statements reported cash of $1,204,436, assets of $2,841,410, stockholders' deficit of $8,967,157, and a net loss of $3,499,216 for the year then ended. The Company is currently seeking approval from United States drug regulators for domestic sales of its product while selling its product in other countries and pursuing options to secure additional financing resources.

NOTE 2 - INVESTMENTS (CONTINUED)

Stock in privately held company (the Company)

The outcome of the events described above are uncertain at this time. While management of the Association will continue to monitor the operations of the Company, the investment in the Company is not considered to have a readily determinable fair value. As a result, the Association measures the investment in the Company at cost minus impairment, resulting in a net book value of $-0-.

NOTE 3 - ACCOUNTS RECEIVABLE

At December 31, 2022, accounts receivable are as follows:

	Amount
Employee Retenion Tax Credit	$ 218,807
Room rental, occupancy, and others	195,190
LSU Foundation	185,561
Contributions receivable	167,169
Catering, sports trips, and events	123,503
Accounts receivable, gross	890,230
Less: Allowance for uncollectible accounts	(5,000)
Accounts receivable, net	$ 885,230

CARES Act – Employee Retention Tax Credits

During 2021, the Association applied for fully refundable Employee Retention Tax Credits (ERC) provided for in the CARES Act and expanded upon by the Consolidated Appropriations Act and the American Rescue Plan Act of 2021, based on qualified wages (including allocable qualified health plan expenses) paid to its employees. The Association's application for these credits was based, in part, on eligibility determinations confirmed by an independent consultant experienced with federal tax credit programs. Because the ERC are requested through original and/or amended payroll tax returns, the returns and related credits are subject to audit by the Internal Revenue Service for a five-year audit period. Management of the Association believes that all requirements for eligibility have been met.

At December 31, 2022, the Association reported a ERC receivable of $218,807. This amount is based on qualified wages paid in 2021.

(continued)

NOTE 4 - PLEDGES RECEIVABLE

Unconditional pledges receivable at December 31, 2022, are as follows:

	Amount
Current pledges receivable, gross	$ 420,551
Long-term pledges receivable, gross	453,650
Total pledges receivable	874,201
Less: Allowance for uncollectible pledges	(66,195)
Less: Discount to present value for long-term pledges	(31,093)
Pledges receivable, net	$ 776,913

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment and related service lives at December 31, 2022 were as follows:

Description	Service Life	Amount
Buildings and improvements	15 - 39 years	$ 25,131,534
Furniture and equipment	5 - 10 years	5,642,817
Automobiles	5 years	79,720
Software	3 years	80,730
		30,934,801
Less: accumulated depreciation		(18,518,646)
Property and equipment, net		$ 12,416,155

Depreciation expense was $1,082,307 for 2022.

NOTE 6 - RIGHT-OF-USE ASSETS

Finance leased assets and related service lives at December 31, 2022 were as follows:

Description	Service Life	Amount
Furniture and equipment	5 years	$ 142,953
Less: accumulated amortization		(33,924)
Finance lease assets, net:		$ 109,029

(continued)

NOTE 6 - RIGHT-OF-USE ASSETS (CONTINUED)

Lease obligations

At December 31, 2022, the Association has capitalized furniture and equipment acquired through right-of-use financing leases with a cost of $142,953 and corresponding accumulated amortization of $33,924. Amortization expense for these assets were $33,924 for the year ended December 31, 2022. See additional information regarding right-of-use financing leases at Note 8.

NOTE 7 - NOTES PAYABLE

Construction loan

In 2016, the Hotel (Association) entered into a bank loan to fund renovations. The loan functioned as a line of credit with a limit of $3,200,000 for contractor costs. The outstanding portion of the loan was converted to a note payable collateralized by the property of the Hotel. The note requires monthly payments of $31,263 at 3.2% interest and matures in November 2027. The Hotel's outstanding balance as of December 31, 2022 is $1,877,957. The Hotel paid interest expense totaling $72,236 for the fiscal year ended December 31, 2022.

Future maturities under notes payable as of December 31, 2022, are as follows:

Year ended December 31,	Amount
2023	319,658
2024	330,039
2025	340,756
2026	351,822
2027	535,682
Total	$ 1,877,957

Coronavirus Aid, Relief and Economic Security Act Funding (CARES Act)

On March 17, 2021, the Association received loan proceeds in the amount of $568,360 under the second round of the Paycheck Protection Program (PPP). The PPP, establish as a part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest may be forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the forgiveness period.

NOTE 7 - NOTES PAYABLE (CONTINUED)

Coronavirus Aid, Relief and Economic Security Act Funding (CARES Act)(Continued)

On March 22, 2022, the Association's second PPP loan was forgiven in full as a result of the Association meeting the required criteria for loan forgiveness as stated in the paragraph above. The Association recognized the forgiveness as other income of $568,360 for the fiscal year ended December 31, 2022.

NOTE 8 - LEASE LIABILITIES

As of December 31, 2022, the Association held finance leases for furniture and equipment used in operations. The Association incurred the following total lease costs for the year ended December 31, 2022:

		Amount
Finance lease cost:		
Amortization of ROU assets	$	33,924
Interest on lease liabilities		1,713

Right-of-use asset finance lease

The Association holds an installment right-of-use financing lease for office equipment utilized in the Alumni Center. The lease is paid in monthly payments of $1,313. Included in this payment is interest at a rate of 1.37%, due June 2025 and is secured by underlying equipment. The balance of this lease liability is $39,660 at December 31, 2022.

The Association holds an installment right-of-use financing lease for office equipment used in the Hotel's facility. The lease is paid in monthly payments of $1,538. Included in this payment is interest at a rate of 1.37%, due November 2026 and is secured by underlying equipment. The balance of this lease liability is $70,422 at December 31, 2022.

Current and future maturities of-right-of use financing leases at December 31, 2022, were as follows:

Year		Amount
2023	$	34,584
2024		34,584
2025		26,520
2026		16,918
Total undiscounted cash flows		112,606
Less: present value discount		(2,524)
Total finance lease liability	$	110,082

NOTE 9 - PROVISION FOR INCOME TAXES

The provision for income taxes consisted of a deferred income tax benefit of $44,000 for 2022, and the tax effects of temporary differences at December 31, 2022 are as follows:

Noncurrent deferred tax asset	Amount
Net operating loss carryforward	$ 803,000
Depreciation	(91,000)
	$ 712,000

At December 31, 2022, the Hotel had a net operating loss carryforward of approximately $3.6 million. Approximately $1,909,700 of the total net operating loss carryforward is available through 2029 and $1,738,713 of the total net operating loss may be carried forward indefinitely. These amounts are reflective of the Hotel's effective tax rate of 21% for 2022. Management anticipates utilizing the net operating loss carryforwards available through 2029 prior to their expiration in addition to utilizing carryforward losses that are indefinite. Effective for the period ending December 31, 2022, and future periods, net operating loss carryforwards can offset only 80% of taxable income in the year the carryforward is used.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at December 31, 2022:

	Amount
To be held in perpetuity:	
Endowed scholarships and professorships	$ 17,855,106
Corpus of contributions not held in endowment	402,813
Total to be held in perpetuity	18,257,919
Restricted for future periods:	
Pledges receivable, net	225,500
Subject to satisfaction of purpose restrictions:	
Unendowed scholarships and professorships	1,648,181
Earnings on contributions not held in endowment - scholarships and professorships	252,094
Scholarships and professorships held at LSU Foundation	185,561
Total subject to satisfaction of purpose restrictions	2,085,836
Total net assets with donor restrictions	$ 20,569,255

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During 2022, the Association released $1,209,811 from restricted net assets for programs expenses related to scholarships and professorships paid to the University.

NOTE 11 - ENDOWMENT

The Association's investment policy for donor-restricted endowments stipulates that the primary investment objective of the Association's endowment is to earn an average annual real return of at least 5% per year over the long term, net of costs. Attainment of this objective will enable the Association to maintain the purchasing power of endowment assets in perpetuity and meet its spending policy. The primary objective of the Association's asset allocation policy is to provide a strategic mix of asset classes that produce a high expected investment return within a prudent risk framework.

The Association follows the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA was adopted by the State of Louisiana and updates the fundamental investment principles by providing standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify investments, investigate facts relevant to investments of funds, consider tax consequences of investment decisions, and to ensure that investment decisions be made in consideration of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the Association. UPMIFA permits the Association to accumulate an amount of an endowment fund that the Association determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below its historical dollar value.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor restricted funds:

- Duration and preservation of the endowment funds,
- The purposes of the Association and the related endowment funds,
- General economic conditions,
- Effect of inflation or deflation,
- The expected return from income and the appreciation of investments,
- Other resources of the Association, and
- The investment policy of the Association.

Under the terms of the individual fund agreements, the Association has the ability to distribute the original principal of any gift, devise, bequest, or fund as the Board of Directors determines. As a result of the ability to distribute the original principal, all contributions not classified as amounts restricted for future periods or to be held in perpetuity are classified as net assets without donor restrictions for financial statement purposes.

NOTE 11 - ENDOWMENT (CONTINUED)

The endowment activity during 2022 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,080,189	$ 24,300,131	$ 29,380,320
Interest and dividends	38,957	442,026	480,983
Unrealized gains, net	(359,290)	(4,076,697)	(4,435,987)
Realized gains, net	(52,104)	(591,199)	(643,303)
Contributions	414,006	638,837	1,052,843
Net assets released from restrictions:			
Appropriations from donor endowments	(178,013)	(1,209,811)	(1,387,824)
Endowment net assets, end of year	$ 4,943,745	$ 19,503,287	$ 24,447,032

Endowment without donor restrictions

Endowment net assets without donor restrictions are comprised of funds designated by the Board of Directors for operating purposes, including maintenance on buildings. Additionally, from time to time, the fair value of the assets associated with individual donor-restricted endowment funds may decline in value below the level that the donor requires the Association to retain as a fund of perpetual duration.

Endowment with donor restrictions

Endowment with donor restrictions as of December 31, 2022, were as follows:

With donor restrictions	Amount
Endowed scholarships and professorships	$ 17,855,106
Unendowed scholarships and professorships	1,648,181
Total with donor restrictions	$ 19,503,287

The Association classifies as donor restricted net assets that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The portion of the donor-restricted endowment fund that is not classified as net assets with donor restriction - endowed is classified as net assets with donor restrictions - unendowed until those amounts are appropriated for expenditure by the Association.

NOTE 11 - ENDOWMENT (CONTINUED)

Endowment with donor restrictions (Continued)

The Association has a policy of appropriating 5% of the endowment fund's market value for professorships and scholarships. Upon payment of professorships and scholarships, donor purpose restrictions are satisfied and endowments with donor restrictions are released from restrictions and reclassified as an increase in endowments without donor restrictions.

Investment objectives

The investment objective is to maintain the purchasing power of the endowment assets over the long-term while meeting current obligations. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices weighted in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide annual distributions of professorships, scholarships, and building and operating expenses.

To satisfy the long-term rate-of-return objectives, the Association relies on a return strategy in which investment returns are achieved through market appreciation (realized and unrealized), and interest and dividends. The Association uses a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

"Underwater" Endowments

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that donors require the Association to retain as a fund of perpetual duration. Deficiencies of this nature sometimes occur due to market volatility and currently exist in some individual endowment funds. However, the Association maintains additional unrestricted funds within the endowment totaling $4,943,745.

		With donor restrictions			
	Without donor restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	Total endowment
Endowed scholarships	$ -	$ 21,466,412	$ (3,611,306)	$ 17,855,106	$ 17,855,106
Unendowed scholarships	-	2,262,155	(613,974)	1,648,181	1,648,181
Without restriction	4,943,745	-	-	-	4,943,745
Total	$ 4,943,745	$ 23,728,567	$ (4,225,280)	$ 19,503,287	$ 24,447,032

NOTE 12 - DONATED SERVICES

A substantial number of unpaid volunteers have made a significant contribution of their time to develop the Association's programs, principally in fund raising activities, operations, and board participation. The value of this donated time is not reflected in these statements since the services do not meet the criteria for recognition under generally accepted accounting principles.

NOTE 13 - RETIREMENT PLAN

The Association has a 401(k)-retirement plan covering substantially all eligible employees. Employees are 100% vested in their contributions as well as discretionary Association matching and profit-sharing contributions. Employees may contribute up to 25% of their compensation limited to $20,500 annually. The Association contributed $92,127 to the plan from January 1, 2022 through December 31, 2022.

NOTE 14 - CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Association to concentrations of credit risk consist primarily of investments in long-term corporate and governmental fixed income instruments. Management periodically evaluates the Association's credit risk associated with its investments, which are not collateralized. Future changes in market value may make such investments less valuable. The Association typically maintains cash and cash equivalents, and temporary investments in local banks that may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits. Management believes this risk is limited. The Association's exposure above the FDIC limit as of December 31, 2022 is $344,450.

NOTE 15 - RELATED PARTIES

During 2022, the Association paid $711,355 to the University and agencies of the University for various services and supplies. As of December 31, 2022, the Association owed the University $295,652 and is reflected in accounts payable on the consolidated statement of financial position.

The Association had funds invested with the LSU Foundation totaling approximately $185,561 at December 31, 2022 and is reflected in accounts receivable on the consolidated statement of financial position.

The Association earned $624,803 of hotel revenue from various departments of the University and had $97,737 of related receivables at year end. These amounts are reflected in hotel revenue and accounts receivable on the consolidated statement of financial position and consolidated statement of activities, respectively.

The Association received $840,000 in rental income, and $180,000 in management fees from the Hotel. However, rent and management fee transactions have been eliminated in the consolidated financial statements.

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts on pledges and scholarships funded in the fourth quarter of the fiscal year and a concentration of contributions received near year end.

The Association's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	Amount
Financial assets:	
Cash	$ 868,847
Accounts receivable, net	885,230
Current portion of unrestricted pledges receivable	173,856
Unrestricted endowment	4,943,744
Financial assets available within one year, at year-end	$ 6,871,677

SUPPLEMENTARY INFORMATION

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended December 31, 2022
(with summarized comparative totals for 2021)

	Alumni Association	Scholarship Fund	The Cook Hotel	Total 2022	Total 2021
Revenue and support:					
Donations	$ 1,598,857	$ 518,988	$ -	$ 2,117,845	$ 2,181,182
Earned:					
Hotel	-	-	4,072,868	4,072,868	3,480,754
Merchandise, sales, and trips	276,870	-	898,192	1,175,062	954,208
Rental and catering	544,931	-	157,661	702,592	491,916
Investment income (loss), net of fees	(385,300)	(4,225,870)	2,317	(4,608,853)	2,573,155
Other:					
Royalties	234,885	-	-	234,885	231,126
Advertising sales	-	-	47,400	47,400	21,169
On campus events	25,715	-	-	25,715	60,854
Miscellaneous	59,908	-	20,371	80,279	126,059
Total revenue and support	2,355,866	(3,706,882)	5,198,809	3,847,793	10,120,423
Expenses:					
Occupancy:					
Depreciation and amortization	648,615	-	467,616	1,116,231	1,002,832
Utilities	388,334	-	380,205	768,539	528,950
Professional and contracted services	304,360	-	170,267	474,627	468,759
Repairs and maintenance	180,384	-	178,550	358,934	252,503
Hotel operations	-	-	639,856	639,856	539,196
Taxes	1,790	-	66,576	68,366	50,524
Supplies	27,703	-	176,670	204,373	148,162
Operating right	20,497	-	916	21,413	55,709
Other	53,362	-	-	53,362	46,259
Total occupancy	1,625,045	-	2,080,656	3,705,701	3,092,894
Personnel:					
Salaries	1,716,032	-	904,816	2,620,848	2,368,575
Staff benefits	276,644	-	113,370	390,014	376,208
Total personnel	1,992,676	-	1,018,186	3,010,862	2,744,783
Promotional:					
Scholarships and professorships	-	1,027,057	-	1,027,057	1,044,251
Travel and sports trips	70,308	-	347,073	417,381	384,192
Special events ticket purchases	403,164	-	82,235	485,399	324,560
Cost of merchandise sold	-	-	210,217	210,217	200,080
Printing	130,844	-	1,816	132,660	117,467
Postage	35,095	-	16,703	51,798	43,504
Official functions and entertainment	12,811	-	633	13,444	1,024
Catering	93,246	-	242,101	335,347	251,080
Other support	-	9,959	-	9,959	9,200
Promotional supplies	40,933	-	6,880	47,813	51,215
Advertising	13,034	-	25,791	38,825	20,382
Donor recognition	6,689	-	-	6,689	4,302
Total promotional	806,124	1,037,016	933,449	2,776,589	2,451,257
General and Administrative:					
Fees	281	-	191,398	191,679	134,732
Bad debt	-	-	-	-	228,595
Telephone	28,443	-	24,506	52,949	66,256
Insurance	87,672	-	101,541	189,213	141,625
Dues and subscriptions	19,460	-	13,603	33,063	31,641
Total general and administrative	135,856	-	331,048	466,904	602,849
Total expenses	4,559,701	1,037,016	4,363,339	9,960,056	8,891,783
Change in net assets, before other income (expense) and income taxes	(2,203,835)	(4,743,898)	835,470	(6,112,263)	1,228,640
Other Income (Expense):					
Interest expense	(640)	-	(73,309)	(73,949)	(75,906)
Paycheck Protection Program loan forgiveness	191,046	-	377,314	568,360	568,300
Employee Retention Tax Credit	-	-	-	-	438,439
Total other income (expense)	190,406	-	304,005	494,411	930,833
Provision for Income Taxes					
Income tax benefit	-	-	44,000	44,000	28,000
Change in net assets	$ (2,013,429)	$ (4,743,898)	$ 1,183,475	$ (5,573,852)	$ 2,187,473

See Independent Auditors' Report

THE LOD AND CAROLE COOK
CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

FINANCIAL STATEMENTS

December 31, 2022 and 2021

THE LOD AND CAROLE COOK
CONFERENCE CENTER AND HOTEL, LLC
Baton Rouge, Louisiana

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December 31, 2022 and 2021

FAULK&WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Managers
The Lod and Carole Cook Conference Center and Hotel, LLC
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of **THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC** (the Hotel) (a Louisiana limited liability company and wholly owned subsidiary of the LSU Alumni Association), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in member's equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hotel, as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hotel and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hotel's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(continued)

6811 Jefferson Highway | Baton Rouge, LA 70806 | (225) 927-6811 | Facsimile: (225) 932-0000
1404 S. Burnside Avenue | Gonzales, LA 70737 | (225) 647-6811

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hotel's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hotel's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The schedule of operating expenses is presented for purposes of additional analysis and it not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedule of activities is fairly stated in all material respects in relation to the financial statements as a whole.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 6, 2023

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

BALANCE SHEETS

December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT:		
Cash	$ 681,957	$ 1,048,883
Accounts receivable, net	281,343	212,678
Inventory, net	94,245	78,183
Prepaid expenses	81,886	73,562
Total current assets	1,139,431	1,413,306
PROPERTY AND EQUIPMENT, net	2,864,377	3,280,622
OPERATING LEASE ASSET	139,976	-
FINANCE LEASE ASSET, net	69,638	-
DEFERRED INCOME TAXES, net	712,000	668,000
Total assets	$ 4,925,422	$ 5,361,928
LIABILITIES AND MEMBER'S EQUITY		
CURRENT:		
Accounts payable and accrued expenses	$ 374,197	$ 180,289
Due to Association	1,793,998	2,471,856
Deferred revenue	75,861	77,427
Operating lease liability	139,976	-
Current portion of notes payable	319,658	309,604
Current portion of finance lease liability	18,456	-
Total current liabilities	2,722,146	3,039,176
NOTE PAYABLE, less current portion	1,558,299	1,902,537
FINANCE LEASE LIABILITY, less current portion	51,966	-
ACCRUED VACATION PAYABLE	40,742	31,421
Total liabilities	4,373,153	4,973,134
MEMBER'S EQUITY	552,269	388,794
Total liabilities and member's equity	$ 4,925,422	$ 5,361,928

The accompanying notes to financial statements are an integral part of these statements.

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY

For the years ended December 31, 2022 and 2021

	2022	2021
REVENUES:		
Rooms	$ 3,971,840	$ 3,404,585
Travel packages	531,108	533,106
Gift shop	367,084	316,623
Food, beverage, and other	171,116	112,559
Catering	157,661	101,734
Total revenues	5,198,809	4,468,607
OPERATING EXPENSES:		
Property	3,544,410	2,913,259
Travel packages	552,484	605,005
Gift shop	418,927	434,369
General and administration	867,518	742,100
Total operating expenses	5,383,339	4,694,733
Net loss from operations	(184,530)	(226,126)
OTHER INCOME (EXPENSE):		
Interest expense	(73,309)	(75,906)
Paycheck Protection Program loan forgiveness	377,314	90,369
Employee Retention Tax Credit	-	166,748
Total other, net	304,005	181,211
Net income (loss) before income taxes	119,475	(44,915)
PROVISION FOR INCOME TAXES:		
Deferred tax benefit	44,000	28,000
Net income (loss)	163,475	(16,915)
MEMBER'S EQUITY:		
Beginning of year	388,794	405,709
End of year	$ 552,269	$ 388,794

The accompanying notes to financial statements are an integral part of these statements.

Exhibit C

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 163,475	$ (16,915)
Adjustments to reconcile change in net assets to net cash provided by the operating activities:		
Depreciation and amortization	467,616	395,917
Deferred income tax benefit, net	(44,000)	(28,000)
Forgiveness of amounts due to Association	(377,314)	(257,117)
Change in operating assets and liabilities:		
Net change in operating assets	(233,027)	(126,061)
Net change in operating liabilities	341,639	70,014
Net cash provided by operating activities	318,389	37,838
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	-	597,192
Acquisition of property and equipment	(33,204)	(933,562)
Net cash used for investment activities	(33,204)	(336,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to Association	(300,544)	519,379
Principal payments on finance lease assets	(17,383)	-
Principal payments on note payable	(334,184)	(150,021)
Net cash (used) provided by financing activities	(652,111)	369,358
Net (decrease) increase in cash and cash equivalents	(366,926)	70,826
CASH AND CASH EQUIVALENTS		
Beginning of year	1,048,883	978,057
End of year	$ 681,957	$ 1,048,883
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 73,309	$ 75,906
Supplemental disclosure of noncach investing activities:		
Right-of-use assets obtained through lease liabilities	$ 87,805	$ -

The accompanying notes to financial statements are an integral part of these statements.

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Lod and Carole Cook Conference Center and Hotel, LLC (the Hotel) is a wholly owned subsidiary of the LSU Alumni Association (the Association) and is doing business as The Cook Hotel. The Hotel is organized as a Louisiana limited liability company to operate the for-profit activities of the Association.

The Hotel is located on the Baton Rouge campus of Louisiana State University (the University) and provides overnight lodging, catering, and conference room rentals to the University community and public. Other major operations include travel packages for LSU athletic events, primarily football games away from Baton Rouge.

Basis of presentation

The financial statements of the Hotel have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Accordingly, actual results could differ from those estimates. Estimates are primarily used when accounting for valuation and collection of receivables, inventory, prepaid expenses, deferred taxes, right-of-use assets, lease liabilities, depreciation, amortization, and deferred revenue.

Revenue recognition policies and performance obligations

Revenues from exchange transactions primarily consist of hotel room and facility rentals, travel package sales, catering services, and merchandise sales. The Hotel has determined that the transaction prices related to contracts entered through exchange transactions are primarily attributable to one performance obligation (room and facility space rentals, travel package sales, catering services, merchandise sales, etc.).

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition policies and performance obligations (Continued)

Payments are sometimes received in advance of providing the service and are reported as deferred revenue. The Hotel recognizes revenue when the performance obligations are satisfied (rooms are checked in, sport events are attended, merchandise is purchased/shipped, etc.).

Sales and other taxes the Hotel collects in conjunction with these activities are excluded from revenue. Other incidental items that are immaterial in context of the contract, along with costs incurred to obtain a contract, are expensed as incurred.

Generally, the Hotel's business does not give rise to variable consideration due to the fact that there are no significant rebates, allowances, or returns that decrease the original transaction price. Additionally, the Hotel has no contract assets or liabilities at December 31, 2022 and 2021.

Cash and cash equivalents

For purposes of the statements of cash flows, the Hotel considers all demand deposits and money market accounts to be cash and cash equivalents. The Hotel considers all highly liquid investments, money market funds, and certificates of deposit with a maturity of three months or less at the date of acquisition, to be cash equivalents.

Accounts receivable

Accounts receivable are recorded at invoiced amounts, net of an allowance for doubtful accounts. A general allowance for doubtful accounts is based on management's estimate of the collectability of accounts receivable according to prior experience. Management considers accounts receivable delinquent based on contractual terms. The Hotel does not require collateral for its receivables.

Inventory

Inventory consists of merchandise for resale and is recorded at cost, net of an allowance for obsolescence. The Hotel uses the First-In-First-Out (FIFO) method to account for its inventory. The Hotel has a reserve for slow-moving inventory of $18,646 at December 31, 2022 and 2021, respectively.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are carried at cost. Additions and improvements that extend the useful lives of assets are capitalized, and maintenance and repair expenditures are expensed as incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the property and equipment, ranging from three to twenty years.

Periodically, the Hotel reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is measured by comparing the carrying value of the sum of the expected future cash flows resulting from the use of the asset and its eventual disposition. The Association did not have any impairment of assets during the years ended December 31, 2022 or December 31, 2021.

Right-of-use (ROU) assets

Right-of-use assets are a result of leases in which the Hotel has entered into a contract with a lessor that conveys control of the right-to-use the lessor's nonfinancial asset (the underlying asset) as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the financial statements, net of amortization. Right-of-use assets are classified as finance or operating leased assets and amortized at the lesser of the useful life or the lease term.

Income taxes

The Hotel is a limited liability company that is taxed as a C-corporation. The Hotel uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income during the period that includes the enactment date.

The Hotel follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Hotel's open audit periods are 2019 through 2022.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

The carrying value of receivables, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rated offered for debt of comparable maturities and collateral requirements. No financial instruments are held for trading purposes.

Advertising

During 2022 and 2021, the Hotel expensed $32,937 and $32,816, respectively, in advertising and promotional costs as incurred.

Current accounting standards implemented

The Hotel implemented Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842),* effective January 1, 2022. The ASU's core principle is that "a lessee should recognize the assets and liabilities that arise from leases." The ASU considered that "all leases create an asset and a liability," and accordingly requires recording the assets and liabilities related to all leases with a term greater than 12 months. Concurrent with the implementation of ASU 2016-02, and ASU 2018-11 "*Leases* (*Topic 842*): Targeted Improvements," which intended to simplify the transition requirement giving the Hotel the option to apply the transition provisions of the new standard at the date of adoption instead of at the earliest comparative period. In implementing these ASUs, the Hotel elected the options provided in ASU 2018-11. This accounting was applied to all lease agreements using the modified retrospective method, and when implemented with ASU 2018-11, allowed the Hotel to recognize the leased assets and liabilities on its balance sheet beginning on January 1, 2022, without restating prior periods. In adopting the standard at January 1, 2022, the Company recognized a right-of-use operating asset and corresponding operating lease liability totaling $977,880 and a right-of-use finance asset and corresponding finance lease liability totaling $87,805. Implementation of these standards had no material effect on net income; therefore, no adjustment to retained earnings was recorded. Additionally, the adoption of these standards had no effect on cash flows.

In 2022, the Hotel adopted ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740).* The decisions reflected in the ASU update specific areas of ASC 740, *Income Taxes*, to reduce complexity while maintaining or improving the usefulness of the information provided to the users of the financial statements. Implementation of this update had no impact on the Hotel's net income for the years ended December 31, 2022 and 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

In preparing these financial statements, the Hotel has evaluated events and transactions for potential recognition or disclosure through June 6, 2023, which was the date the financial statements were available to be issued.

NOTE 2 - ACCOUNTS RECEIVABLE

At December 31, 2022 and 2021, accounts receivable balances were as follows:

	2022	2021
Rooms	$ 156,040	$ 162,349
Catering and event space	116,635	42,611
Sports trips	6,868	6,868
Magazine and other	6,800	5,850
Accounts receivable, gross	286,343	217,678
Less: allowance for uncollectible accounts	(5,000)	(5,000)
Accounts receivable, net	$ 281,343	$ 212,678

Accounts receivable at December 31, 2022 and 2021 outstanding for more than 90 days were $60,904 and $79,886, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment and related service lives at December 31, 2022 and 2021, were as follows:

Description	Service Life	2022	2021
Building improvements	5-20 years	$ 3,194,071	$ 3,189,071
Furniture and equipment	5-10 years	4,169,959	4,141,755
Automobile	5 years	21,392	21,392
Software	3 years	79,230	79,230
		7,464,652	7,431,448
Less accumulated depreciation		(4,600,275)	(4,150,826)
Property and equipment, net		$ 2,864,377	$ 3,280,622

Depreciation expense was $449,449 and $395,917 for 2022 and 2021, respectively.

NOTE 4 - RIGHT-OF-USE ASSETS

Operating leased asset

The Hotel has right-of-use assets for facility rental with an asset value of $139,976 as of December 31, 2022. The Hotel recognized $840,000 as lease expense at December 31, 2022. This lease is classified and presented as an operating lease.

Finance leased asset

Financed leased asset and related service lives at December 31, 2022 were as follows:

Description	Service Life	Amount
Furniture and equipment	5 years	$ 87,805
Less: accumulated amortization		(18,167)
Finance lease assets, net:		$ 69,638

Lease obligations

At December 31, 2022, the Hotel has capitalized furniture and equipment acquired through right of use financing leases with a cost of $87,805 and corresponding accumulated amortization of $18,167. Amortization expense for these assets were $18,167 for the year ended December 31, 2022. See additional information regarding financing lease liabilities at Note 6.

NOTE 5 - NOTE PAYABLE

Construction Loan

In 2016, the Hotel entered into a bank loan to fund renovations throughout the Hotel. The loan functioned as a line of credit with a limit of $3,200,000 for contractor costs. The outstanding portion of the loan was converted to a note payable collateralized by the property of the Hotel when the Association began making payments on the loan in December 2018. The note requires monthly payments of $31,263 at 3.2% interest and matures in November 2027.

Construction Loan Payment Deferment

As part of the Hotel's efforts to mitigate the current financial impacts of COVID-19, the Hotel restructured its loan agreement on May 1, 2020. The restructured loan agreement allows the Hotel to temporarily modify its loan payments to consist of interest only payments for a six-month period beginning May 1, 2020. In January 2021, the Hotel was approved for an additional five months of payment deferrals with the same provisions as previously stated.

(continued)

NOTE 5 - NOTE PAYABLE (CONTINUED)

Construction Loan Payment Deferment (Continued)

During the deferment periods, the outstanding loan amount will not be reduced and will have a cumulative effect that will result in a balloon payment of approximately $236,457 at maturity in November 2027. Except as described above, all other terms and conditions of the loan remain unchanged and in full force and effect. In June 2021, the Hotel recommenced regularly scheduled payments and incurred interest expenses of approximately $75,906. In 2022, the Hotel paid approximately $72,236 in interest payments on the loan.

Future maturities under note payable as of December 31, 2022, were as follows:

Year ended December 31,	Amount
2023	319,658
2024	330,039
2025	340,756
2026	351,822
2027	535,682
Total	$ 1,877,957

NOTE 6 - LEASE LIABILITIES

As of December 31, 2022, the Hotel held operating and finance leases for land and buildings used in operations and various machinery and equipment.

The Hotel incurred the following total lease costs for the year ended December 31, 2022:

	Amount
Operating lease cost	$ 840,000
Finance lease cost:	
Amortization of right-of-use assets	18,167
Interest on lease liabilities	1,073

(continued)

NOTE 6 - LEASE LIABILITIES (CONTINUED)

Operating lease liability

The Hotel rents the building from the Association under a five-year lease term. The effective date of the lease is March 1, 2018. The lease matured on February 28, 2023, and is currently operating on a month-to-month payment arrangement while the Association is considering modifications to the previous terms. Rent under this agreement is $70,000 per month. Rent expenses for 2022 for this agreement is $840,000.

The Hotel has obligated building rental payments on its operating leases of $139,976 due in 2023.

Finance lease liability

The Hotel holds an installment right-of-use financing lease with monthly payments of $1,538. Included in this payment is interest at a rate of 1.37%, due November 2026 and is secured by underlying equipment. The balance of this lease liability is $70,422 at December 31, 2022.

Current and future maturities of-right-of use financing leases at December 31, 2022, were as follows:

Year	Amount
2023	$ 18,456
2024	18,456
2025	18,456
2026	16,918
Total undiscounted cash flows	72,286
Less: present value discount	(1,864)
Total finance lease liability	$ 70,422

Leases - 2021

The Hotel rents the building from the Association under a five-year lease term. The effective date of the lease is March 1, 2018. The lease matured on February 28, 2023, and is currently operating on a month-to-month payment arrangement while the Association is considering modifications to the previous terms. Rent under this agreement is $70,000 per month. Rent expenses for 2021 for this agreement is $840,000.

NOTE 7 - PROVISION FOR INCOME TAXES

The provision for income taxes consisted of a deferred income tax benefit of $44,000 and $28,000 for 2022 and 2021, respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset at December 31, 2022 and 2021 are as follows:

Noncurrent deferred tax asset	2022	2021
Net operating less carryforward	$ 803,000	$ 775,000
Depreciation	(91,000)	(107,000)
	$ 712,000	$ 668,000

At December 31, 2022, the Hotel had a net operating loss carryforward of approximately $3.6 million. Approximately $1,909,700 of the total net operating loss carryforward is available through 2029 and $1,738,713 of the total net operating loss may be carried forward indefinitely. These amounts are reflective of the Hotel's effective tax rate of 21% for 2022. Management anticipates utilizing the net operating loss carryforwards available through 2029 prior to their expiration in addition to utilizing carryforward losses that are indefinite. Net operating losses carried forward to 2020 can offset 100% of taxable income for that year. Effective for the period ending December 31, 2021, and future periods, net operating loss carryforwards can offset only 80% of taxable income in the year the carryforward is used.

NOTE 8 - RETIREMENT PLAN

The Hotel, through the LSU Alumni Association, has a 401(k)-retirement plan covering substantially all eligible employees. Employees are 100% vested in their contributions, as well as discretionary Hotel matching and profit-sharing contributions. Employees may contribute up to 25% of their compensation limited to $20,500 and $19,500 for 2022 and 2021, respectively. Due to the financial implications of the COVID-19 pandemic, the Hotel suspended its matching and profit-sharing contributions to the plan effective July 1, 2020 through March 1, 2021. The Hotel contributed $17,200 from March 1, 2021 through December 31, 2021 and $11,200 was contributed in 2022.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Hotel typically maintains cash and temporary investments in local banks that may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits. Management believes that this risk is limited. The Hotel's exposure above the FDIC limit as of December 31, 2022 and 2021 was $344,450, $465,730, respectively.

NOTE 10 - RELATED PARTIES

The Hotel has a five-year lease for the hotel property with the Association through February 2023 and incurs a management fee. The payments made to the Association are as follows:

	2022	2021
Rent	$ 840,000	$ 840,000
Management fee	180,000	180,000
Total payments	$ 1,020,000	$ 1,020,000

Hotel revenue of $624,803 and $708,977 for 2022 and 2021, respectively, was received from departments of the University, with related outstanding receivables of $97,737 and $47,777 at December 31, 2022 and 2021, respectively.

NOTE 11 - CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT FUNDING (CARES ACT)

Paycheck Protection Program Loan (PPP)

On July 30, 2021, the Association's loan was forgiven in full as a result of the Association meeting the required criteria for loan forgiveness as stated in Note 6 of the Association's report for the year ending December 31, 2021. The Association recognized $568,300 as other income for 2021. On March 22, 2022, the Association's second round of PPP loan forgiveness as a result of the criteria described in Note 6 of the Association's report for the year ending December 31, 2022. The Association recognized $568,360 as other income for 2022. The Hotel recognized other income of $377,314 and $90,369 of the totals reported in the Association's report related to its allocated portion of qualified business expenses for 2022 and 2021, respectively. The Hotel has recognized the PPP forgiveness as a reduction of its payable due to the Association for personnel costs.

Employee Retention Tax Credits

During 2021, the Hotel applied for fully refundable Employee Retention Tax Credits (ERC) provided for in the CARES Act and expanded upon by the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021, based on qualified wages (including allocable qualified health plan expenses) paid to its employees. The Hotel's application for these credits was based, in part, on eligibility determinations confirmed by an independent consultant experienced with federal tax credit programs. Because the ERC are requested through original and/or amended payroll tax returns, the returns and related credits are subject to audit by the Internal Revenue Service for a five-year audit period. Management of the Hotel believes that all requirements for eligibility have been met.

NOTE 11 - CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT FUNDING (CARES ACT) (CONTINUED)

Employee Retention Tax Credits (Continued)

The Hotel recorded ERC of $166,748 as other income in 2021. This amount is comprised of credits of $76,379 and $90,369 based on qualified wages paid in 2021 and 2020, respectively. All credit amounts were recognized in 2021, the period in which the Hotel determined all conditions for eligibility were substantially met. The Hotel recognized the entire ERC as forgiveness of a portion of its payable that is due to the Association for personnel costs.

The Hotel's ERC receivable was $76,379 and $166,748 at December 31, 2022 and 2021, respectively. The ERC receivables are reported on the Association's consolidated financial statements at December 31, 2022 and 2021.

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

SCHEDULE OF OPERATING EXPENSES

For the year ended December 31, 2022
(with summarized comparative totals for 2021)

	Property	Travel Packages	Gift Shop	General and Administration	Total 2022	Total 2021
OPERATING EXPENSES						
Personnel	$ 682,036	$ 26,657	$ 128,946	$ 180,547	$ 1,018,186	$ 864,724
Rent to Association	840,000	-	-	-	840,000	840,000
Rooms	756,245	-	-	-	756,245	615,041
Depreciation and amortization	467,616	-	-	-	467,616	395,917
Occupancy and supplies	351,976	1,859	16,194	94,262	464,291	325,825
Direct travel	51	427,540	-	1,768	429,359	495,435
Food, beverage, and other	196,310	82,109	220	7,895	286,534	242,683
Merchandise sold	-	-	211,315	-	211,315	201,280
Management fee to Association	-	-	-	180,000	180,000	180,000
Repairs and maintenance	138,316	-	3,247	11,614	153,177	81,583
Professional services	2,625	450	57,642	109,550	170,267	124,850
Insurance	11,251	-	-	90,290	101,541	72,370
Taxes and licenses	66,576	-	-	6,799	73,375	53,347
Marketing and advertising	25,374	6,393	805	365	32,937	32,816
Equipment rentals	522	-	-	394	916	24,423
Credit card fees and other	5,512	7,476	558	184,034	197,580	144,439
Total operating expenses	$ 3,544,410	$ 552,484	$ 418,927	$ 867,518	$ 5,383,339	$ 4,694,733

See Independent Auditors' Report.